

**THE EFFECT OF CREDIT ON INCOME: A CASE OF WOMEN'S MICRO-
PROJECTS FOR POVERTY ALLEVIATION IN SHINYANGA
URBAN AND RURAL DISTRICTS**



BY

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ABSTRACT

Micro-credit funding for women income generating activities is one of the current anti-poverty measures that are adopted by many developing countries to alleviate poverty amongst the poor. This study was conducted in Shinyanga region to examine the effectiveness of credit scheme models by this mode of funding to women's micro-projects at the grassroots.

Both questionnaire and personal observation methods were used to collect data amongst women beneficiaries in Shinyanga urban and rural area districts. A total of 121 respondents was interviewed, and the collected data were analysed using both quantitative and qualitative approaches.

The results show that, credit loans for women micro-projects have an apparent positive effect on the overall income of beneficiaries. But despite this, the credit loans to urban beneficiaries have shown overall poor performance. The variation of performance between the urban and rural beneficiaries was analysed by using the 'current ratio' (CR) measure. Thus, the χ^2 test shows that there is a significant ($P < 0.05$) association between future sustainability of the micro-projects and the respective respondents' location (either urban or rural area) - in terms of CR measure. The results also indicate that most of the micro-projects (54.5%) in rural areas have $CR \geq 2$. The average CR for the urban and rural area micro-projects were 1.3310 and 7.8250 respectively. This implies that the performance of rural area micro-projects was superior to the urban counterpart. Factors that contributed to this effectiveness include suitable credit

policies and associated conditions that are flexible and affordable by the poor women at the grassroots. These features are reflected by the size of the loan, the type of projects for the targeted population and the modes of loan repayments.


Furthermore, the T test for the difference between means of different group pairs of initial capital shows that there is a greater statistical ($P < 0.05$) difference between respondents with zero initial capital and those ranging between zero and Tsh.15 000.00 each. Similar results are indicated by the test between respondents with zero initial capital and those with capital ranging between Tsh.49 650. 00 and Tsh. 68 880.00.


Basing on the study results it is recommended that, in order to support the poor women at the grassroots credit schemes for poverty alleviation must review their credit policies, so as to meet the conditions of the resource poor. But again, the study has noted that commercial oriented policies that create loan dependants are more likely to worsen the poverty situation irrespective of the location and target factors that are to be addressed. Credit policies can serve the poor when they address the factors that perpetuate poverty in the different localities.

Credit agencies therefore, should make necessary reforms and preparations for the schemes before implementation. Among other things, targeting has to identify the real poor by assessing their actual requirements in the context of Tanzania environment.

DECLARATION

I, ARBOGAST GWARBERT MBEIYERERWA, do hereby declare to the Senate of Sokoine University of Agriculture that this dissertation is my work and that it has never been submitted for a degree in any other University.

Signature..........

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I remain indebted to my family for its immense sacrifice and persistence toward my education.

DEDICATION

This work is dedicated to the lasting memory of my beloved guardians, and grandparents: the late VEREDIANA MWOLEKA JOHN, and the late JOHN KALIKWIKYA IHUBYA, for their inspirations, encouragement and sacrifices made to support me throughout my educational studies.

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ACRONYMS

AGPR	Agriculture Programme
BNA	basic needs approach
BRAC	Bangladesh Rural Advancement Committee
CDD	Community Development Department
CR	Current ratio
CRDB	Co-operative and Rural Development Bank
CDR	Centre for Development Research
CDTF	Community Development Trust Fund
CREW Tanzania	Credit for Women Tanzania.
DCDO	District Community Development Officer
DED	District Executive Director
FAO	Food and Agricultural Organisation
HPI	Heifer Project International
HRD	Human Resource Development
IDM	Institute of Development Management
IDS	Institute of Development Studies
IFAD	International Fund for Agricultural Development
IGA	Income generating activity

IIRR	International Institute for Rural Reconstruction
ILO	International Labour Organisation
IMF	International Monetary Fund
LIF	loan insurance fund
MCDWCA	Ministry of Community Development Women and Children Affairs
mm	millimetres
MP	Member of Parliament
NBC	National Bank of Commerce
NEDF	National Enterprises Development Fund
NGO	non-governmental organisation
NIGP	National Income Generation Programme
OXFAM/UK	Oxford based organisation for supporting the poor
p.a.e	per adult equivalent
PRIDE	Promotion of Rural Initiatives and Development Enterprises
PTFSR	Presidential Trust Fund for Self – Reliance
REPOA	Research on Poverty Alleviation
SACCOSs	Savings and Credit Co-operative Societies
SAP	Structural Adjustment Programme
SIDO	Small Industries Development Organisation
SPSS	Statistical Package for Social Sciences
SRS	simple random sampling
SSA	Sub-Saharan Africa

SUA	Sokoine University of Agriculture
TCDO	Town Community Development Officer
TGNP	Tanzania Gender Networking Programme
TYDEF	Tanzania Youth Development and Employment Foundation
UDSM	University of Dar es Salaam
UK	United Kingdom
UNDP	United Nations Development Programme
USA	United States of America
USAID	United States Agency for International Development
VEO	village extension officer
WDF	Women Development Fund
WDFR	Women Development Fund – Rural district
WDFU	Women Development Fund – Urban district
WID	Women in Development

CHAPTER ONE

1.0 INTRODUCTION

This chapter presents the background information and the objectives for the study. The study has largely attempted to examine the effect of various credit models of micro-credit schemes for poverty alleviation on women's income in Shinyanga. Although repayment of loans is not fully guaranteed (Sharma and Zeller, 1997), advocates of poverty alleviation initiatives by means of micro-credit funding schemes assume that this form of funding is a panacea to women's poverty at the grassroots (Billetoft, (1996); Johnson and Rogaly, 1997; IFAD, 1997; Heyzer and Sen, 1994).

More often the assumption is premised on some evident progressive cases that are found in various developing countries. For example the micro-credit schemes in Bangladesh - where the Grameen Bank System and other similar cases in Sri-Lanka, Thailand, Burkina Faso and others, are now exemplary cases of this mode of funding (Hosseini, 1989; Montgomery, 1996; Gurgard et al 1994; Huppi and Feder, 1990; Yoran, 1994).

But, despite this hopeful assumption which is based on the innovative Grameen model for credit delivery, Khandker (1996) shares a little reservation about replicating the model. This author attributes to the idea that as long as this financial model is social-conscience-driven, and that its operations are transparent it is possible to replicate it, but with necessary modification. Sharma and Zeller (1997) argue that in the context of providing credit to the rural asset-poor, what is being

facilities. Tanzania is one of the countries that account for these shocking figures. For example, the World Bank has defined poverty and extreme poverty in the country as denoting those living on less than a real purchasing power parity measurement of US\$ 1 per day and US\$ 0.75 per day (at 1993/94 prices) respectively (UNDP, 1995). Using this definition it is noted that in Tanzania poverty is largely a rural phenomenon. IFAD (1993) statistics show that the rural population that have been living in poverty by 1990 was 60%, whereas the World Bank Report by the UNDP (1995) notes that rural villagers that lived in extreme poverty accounted for 90% by the early to mid-1990s. During that period the poor represented about 59% and 39% of rural and urban households respectively - excluding Dar es Salaam where the poor households represented 9%.

A similar consistent pattern of results on poverty was revealed by another World Bank (1995) study on Social-Economic Growth and Poverty Alleviation in Tanzania that was held in Arusha Tanzania. Basing on the latter study the Bank concluded that in order to bring the rural households up to the poverty line (i.e. an equivalence of Tsh. 46 173.00 per annum – at 1993/94 prices) - would require supplements equivalent to 30% of the poverty line expenditure. This amount was twice as much as what would be required to bring the non-Dar es Salaam urban population up to the poverty line.

Despite this poor background of the socio-economic situation, the country is currently compelled to embark on economic liberalisation policies with an obligation to meet the external debt service. Campbell (1991) comments that African women are now the present shock-absorbers of liberalisation, and have no way to contribute to the

formulation of policies to cope with the debt. The author clarifies that more and more of the issues of structural adjustment are presented as technical issues worthy of discussion by 'experts' only. He concludes that the whole debate and discourse on the African debt is meant to exclude the majority of the producers.

Given the economic circumstances, it is suggested that the likely promising option open to poor women at the grassroots is in micro-projects. For example Heyzer and Sen (1994) consider credit funding for self-employment as the proper entry point in poverty alleviation programmes designed to benefit the bottom poor. They attribute to the idea that in order to reach the poorest women effectively in urban and rural areas - more innovative approaches that are responsive to their situation are required.

1.1.1 Poverty alleviation initiatives in Tanzania

Most of the initiatives for poverty alleviation in Tanzania take various forms of interventions by the government, donors and the NGOs movement. Such interventions are mainly engaged in supporting specific income generating activities (IGAs) (Mtatifikolo and Mabele, 1999). The immediate targets are the women and the youth. To date the most comprehensive scheme for generating such forms of income is the National Income Generation Programme (NIGP). Both the government and the donor community operate this programme so as to strengthen the NGOs, the private sector, and individual private actors in the fight against poverty.

Other agencies for poverty alleviation initiatives amongst grassroots women involve various micro-credit schemes like some of the NGOs namely, the Promotion of Rural

Initiatives and Development Enterprises (PRIDE) Tanzania, and the Tanzania Youth Development and Employment Foundation (TYDEF). There are also specific Funds for poverty alleviation schemes. They include the Presidential Trust Fund for Self - Reliance, the National Enterprises Development Fund (NEDF). In Shinyanga this fund is administered through Small Industries Development Organization (SIDO). Others include the Women Development Fund (WDF), and the Community Development Trust Fund (CDTF). The list includes other donor funds like UNIFEM Fund for women and the Oxford based organisation for supporting the poor (OXFAM/UK). Apart from these agencies there are also bilateral donors who are actively involved in poverty alleviation projects in the country. They include Australia, Denmark, Sweden, Norway, Canada, the UK, and the USA (Mtatifikolo and Mabele, 1999)

1.2 Problem Statement

Several attempts by government and donor community aimed at alleviating poverty at grassroots level in Tanzania have been made. The measures include favourable access to credit in order to increase income amongst grassroots women. For example, the period of active economic adjustment in the country saw a number of programmes that were launched to subsidise poverty amongst the poor women at the grassroots in the country. In Shinyanga region the anti-poverty measures were largely adopted by a number of credit agencies that furnished women beneficiaries with credit loans - in terms of funds and tools, or some technical skills for starting or running income generation projects.

Despite these enormous attempts by the government and the donor community to alleviate the situation, poverty is still there - and is now more persistent amongst the same beneficiaries at the grassroots. The existing credit schemes in particular have not been successful in improving beneficiaries' income on sustainable basis. Most of IGAs feature income failure as a persistent core problem after loan repayments. However, there is not any study that addresses the problems that impede performance of credit schemes intended to alleviate poverty at grassroots level in Tanzania. The main purpose of this study therefore, is to establish the reasons and factors contributing to the income failure amongst poverty alleviation projects.

1.3 Justification of the study

A number of authors have cited various causes for the poor performance of projects meant for poverty alleviation that are operated by women after receiving loans. But most of the claimed reasons do not amount to common consensus for all recipients who access credit from different credit schemes. Some authors cite lack of access to capital or credit as the main obstacle (Mbughuni, 1994; Malima, 1997; Dondo, 1997). This is not necessarily true because the availability of credit or capital does not always guarantee successful operation.

Others attribute to the idea that some of the credit schemes are designed like social welfare programmes, and therefore perpetuate a lax attitude in their financial management (Dondo, 1997). Many other authors share the view that the lack of education and expertise on how to run economic ventures contributes to failures. Agarwal (1997) has noted that the recent push being given by international agencies

and other organisations to micro-credit for poor women warrants some consideration. Nevertheless, the explanation that may tell the actual phenomena about any credit results needs to be supported by the researched information.

The study in Shinyanga seeks to establish the involved causal factor(s) that contribute to both the failure and poor performance of some women projects for the IGAs. Primarily, it is focused on the two key points. First, the findings are expected to be useful to other researchers and donors for similar credit schemes in the country. Since there was no such study attempt in the sampled area before, researchers may be induced by the results to examine similar trends happening elsewhere. Secondly, the findings in Shinyanga may assist to offer another form of solution/outcome for similar problem existing elsewhere. For example donors and policy makers may be convinced to review their overall credit designs in assigning future credit schemes for the loans.

1.4 Objectives

1.4.1 General objective

To assess the overall effect of credit on women's income earned from various income-generating activities in order to improve the various schemes approaches for poverty alleviation.

1.4.1.1 Specific objectives

- 1) To identify credit agencies that operate in the study area;
- 2) To identify elements of different credit models that may lead to declining economic trend amongst beneficiaries after loan repayment;
- 3) To assess the effect of the present credit model on the urban and rural beneficiaries;
- 4) To examine causes leading to ultimate income failure amongst women beneficiaries operating income generation activities in Shinyanga.

1.5 Hypotheses

The Null Hypothesis (H₀:) was:

Women credit in Shinyanga region has no effect on beneficiaries' income.

Operational Hypotheses (H_A:) were:

- i) Credit results are consistent with expected outcome.
- ii) Women's access to credit is a determinant factor for women's future economic improvement.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter is comprised of five main sections. Apart from section one, the following section describes the concept of poverty. The third section outlines different attempts made by the government and the donor community to alleviate poverty amongst the poor at the grassroots in the country. The fourth section makes an account of women's credit funding in relation to the existing agencies both within and outside the country. The last section observes the current innovations in the lending process for the poor women at the grassroots.

2.2 The concept of poverty

Poverty is an extremely complex issue. However, in a mechanical conception, poverty is conceived as lack of income - as in the case of per capita income definitions often used by international organisations (Münkner, 1996). In subsistence economies or "an economy of affection" - based on kinship or lineage solidarity, income alone cannot be a valid measurement for poverty (Hyden, 1980: cited by Münkner, 1996). The reason is that apart from deprivation and inability to meet basic needs, poverty is also perceived mentally or culturally as isolation, loss of direction, hopelessness, apathy, and passive suffering. All these are facets of the same phenomenon referred to as poverty, i.e. in terms of "not having enough to live in human dignity", or "having barely enough to survive".

Operationally, however, Mtatifikolo and Mabele (1999) consider this definition as being too narrow. Accordingly, therefore, they argue that in practice it is common to specify the minimum requirements for both food and non-food items, and then calculate the needed income for current acquisition. This income becomes the poverty line. If the food share is generally known, then this will provide the benchmark expenditure. To obtain the poverty line - this minimum food expenditure is "grossed up" by an appropriate factor to accommodate non-food requirements (Mtatifikolo and Mabele, 1999).

Current literature describes poverty as a situation that emanates from lack of necessary capabilities and entitlements to satisfy human basic needs. That, this situation limits a person from acquiring security and assets, or from having power for decision making (Chambers, 1983; Jazairy *et al* 1993; IFAD, 1996; Kasimila, 1996). Poverty, however, can always exist in a society where some (or all) of its members fail to attain a certain level of well being considered by that society as reasonable minimum standard of living (Bagachwa, 1994). Again it is argued that although this latter definition accommodates basic needs, norms and traditions, as well as some acceptable social thresholds, it is also operationally difficult to address poverty (Mtatifikolo and Mabele, 1999).

The United Nations (1995:41) has defined the concept of poverty as a situation with various manifestations including lack of income and productive resources sufficient to ensure sustainable livelihoods. The definition describes other manifestations of poverty

as hunger, malnutrition, limited or complete lack of education and other basic services, increased morbidity and mortality (from illness; homelessness and inadequate housing; unsafe environments), and social discrimination and exclusion. It concludes that the situation is also characterized by lack of participation in decision making in civil, social and cultural life. This current study has adopted this definition in examining the effectiveness of credit loans on women's income.

Poverty has different causes and dimensions depending on whether the poor live in rural or urban areas, whether they live within extended family structures, in nuclear families, or alone (Münkner, 1996). It is extremely difficult to distinguish clearly between problems, symptoms, and causes of poverty (Dixon, 1990: cited by Münkner, 1996).

2.2.1 Poverty measurement

Poverty measurements use various concepts of both primary and secondary incomes. Primary income accrues in the form of primary claims on resources that arise directly out of productive process of work and accumulation. Secondary income is the result of the transfer and social actions or interventions that empower the recipients to actively engage in productive work. Any logical step for the purpose of intervention starts by measuring poverty (magnitude, prevalence, intensity, and persistence). In theory, this starts off with defining the poverty line that divides the poor and the non-poor (Mtatifikolo and Mabele, 1999). Once the poverty line is specified it is kept constant in real terms for meaningful comparisons over time.

In Tanzania the poverty line of Tsh. 49 600.00 per adult equivalent (p.a.e) per year (at the 1995 prices) was computed in 1982 by an International Labour Organisation (ILO) study.

In 1991 it was Tsh. 31 000.00 - at 1991 prices (World Bank, 1993: 32). The poverty line of Tsh 73 877.00 p.a.e. per year in 1995 was obtained by inflating the 1991 poverty line of Tsh 46 173.00 p.a.e. per year. This present study has adopted the poverty line of Tsh 65 650.00 p.a.e. per year, i.e. Tsh. 5 470 monthly (Sect.4.15.7) which was estimated by the Human Resource Development (HRD) Survey in 1993 (HRD, 1993). Any poverty line that is established for a particular society provides three popular indices in measuring poverty. They include the Head Count Ratio, the Poverty Gap, and the simple product of the Head Count and Poverty Gap.

The Head Count Ratio index measures the incidence of poverty. It is a simple proportion of the population whose income is below the poverty threshold or poverty line. However, the limitation of this measure is that it makes no distinction between the poor (who may be close to the poverty line) and those - who may have no income at all (the really destitute, paupers and survivalists). This index therefore, is insensitive to a decrease in the incomes of the poor, as well as to the income transfers among the poor - and from the poor to the rich. Hence, it is not sensitive enough to the degree of poverty that may be existing within the society. But apart from this limitation the ratio remains the most commonly used in large scale (national/regional) studies which lack specific details necessary and relevant for the other indices (Mtatifikolo and Mabele, 1999; David, 1994).

The poverty Gap index measures the depth of poverty from the poverty line. This index is defined as the average gap between the actual income-expenditure of the poor and the poverty threshold. The figure can be used to determine how much would need to be transferred for the person in question to emerge from poverty (David, 1994). The average gap of the whole of the poor population can be calculated and expressed as a percentage of the poverty threshold i.e the income gap ratio. But again, even this measurement is not sensitive to income distribution within the group of poor people.

The third measure is the simple product of the Head Count and Poverty Gap indices. This is defined as one composite index and it measures the incidence and intensity of poverty (Mtatfikolo and Mabele, 1999).

But, the measurement of poverty can also be approached without estimates of income and expenditure. The question of access to public goods and services for example, can be indicated usefully by means of social indicators that are difficult to quantify. Furthermore, there are also a number of essential parameters that affect monetary comparisons (e.g. life expectancy at birth, infantile and maternal mortality), which are wellbeing indicators that can be used to explain poverty situation (David, 1994). But these data have certain critical limitations, e.g. they do not consider apparent dynamism of changes within parameters overtime. David (1994) argues that the problem of these global data is that they make no distinction between permanent poverty and temporary poverty brought about by the passing instability of some income. They do not reflect the risks of vulnerability, the

dangers of precariousness, cyclical economic poverty, or the exacerbation of poverty.

2.3 Poverty alleviation

Poverty alleviation strategy is one of the priorities that were considered for adoption in the “new paradigm of sustainable development”. This strategy is stipulated in the Human Development Report 1994 of the UNDP (UNDP, 1994). The term poverty alleviation however, was first conceived as a mechanism to get the poor cross a given threshold of income or consumption. The present new paradigm conceives of poverty alleviation as a strategy for achieving a sustained increase in productivity, and an integration of the poor into the process of growth (Jazairy *et al*, 1992).

Initially the strategy had received a global attention in order to replace the failed “trickle-down effect” approach for reducing poverty amongst Third world countries. This was based on the assumption that governments should concentrate on growth policies, and the results of growth would trickle down to the poor through primary and secondary incomes (Mtatifikolo, 1994).

Proponents of poverty alleviation strategy describe it as the process to reduce the extent of poverty. The argument behind is that the concept is achievable by providing an individual with a quantitative enabling environment that can impact positive and sustainable socio-economic cultural change.

2.4 Credit funding for women's micro-projects

Many studies have revealed that women re-invest much more of their money than their couples do in feeding the household and protecting themselves and their families against times of hardship (IFAD, 1998; FAO, 1998). In the developing world, women commonly use almost all of their cash income to meet household needs, while men use at least 25% for purposes other than household related expenses (FAO, 1998). Yet, these majority (women) have little or no access to the needed credit to expand their production capacity.

The available literature purports that in developing countries women are the most vulnerable to poverty intensity. It shows that the incidence of poverty in these countries is higher amongst women than men. For example, Pearson (1992) asserts that there is substantial evidence that women in developing countries have been consistently left out of the development process, and that this process subjects many to a high incidence of poverty.

The present world wide view considers credit as an important factor to alleviate poverty amongst poor women in developing countries. The argument behind is that women are seen as particularly constrained because they have (even) fewer assets than men to take advantage of the obvious opportunities (World Bank, 1995). But again, previously, before the 1970s - when the Grameen Bank in Bangladesh began using 'peer group monitoring' (as 'social' - rather than 'economic' collateral) to reduce

lending risk, there was little knowledge among the financial intermediaries, of the alternatives to physical collateral.

2.4.1. The rise of women's micro-credit schemes

The rise of micro-credit programmes that were sponsored by both the states and the NGOs in the world over during the last two decades derives from several factors. The factors included mainly capital scarcity; inability of the formal system to reach the (un-collateralized) poor; and the limited ability of the International Monetary Fund (IMF) to meet the needs of the majority of the poor people striving to survive in the off-farm sector (Montgomery *et al*, 1996).

On the Summit of World Food Day of 1998, the Food and Agricultural Organization (FAO) spelt out that rural women's limited access to financial services thwarts their efforts to improve, or expand their farm activities so as to earn a cash income (FAO, 1998). The Organisation conceded that the problem of credit for small farmers affects both men and women but the plight of women is worse because they lack acceptable collateral. Since it is men who are legally recognised as landowners, it is they who provide the collateral. FAO (1998) concluded that some financial institutions like banks and other credit associations are much reluctant to lend to this resource-poor group of the society, though studies and experience show that women are more reliable than men in debt repayment when they succeed in obtaining credit.

Moreover, it was also observed that these institutions hold a number of factors for their disfavour in lending to this poor group of the society. For example they claim that

women request for small loans, and that they are inexperienced borrowers. They also claim that female widespread illiteracy incapacitates them to follow application procedures, and that women are not largely involved in the development and extension projects that would serve as an interface with lending institutions.

2.4.1.1 Women's credit schemes in Tanzania

The past two decades have seen the rise of poverty alleviation in the context of basic needs approach (BNA), which was integrated in the dominant concept of Women in Development (WID). This had emerged in the early 1970s as a response to the growing evidence that economic and social development efforts in Third World countries had not benefited women as much as men (Muro, 1994; Mbilinyi, 1992). The BNA had emphasized the reduction of income inequalities between men and women, and it is out of this conception that women in Tanzania and elsewhere in the developing nations have been encouraged to undertake income - generating activities (IGAs) so as to improve their economic situation.

2.4.1.2 Some limitations of BNA model

Credit schemes that took a design of BNA framework were all gender biased, and, as such were targeted to all women and not the real poor at the grassroots. For this reason they could offer very little to the intended resource-poor. Most of the projects that operated under this model have always shown an alarming performance. In most cases beneficiaries are bound to repay loans from other sources of income. Evident cases include one of the reported issues in the country newspaper. The Isles Minister for Community Development Women and Children Affairs refused to write off

outstanding debts on the loan taken by women from the ministry (Daily News, 8 October 1998) for the purpose of financing various economic ventures.

Kurwijira and Due (1990) have noted that in most cases the donor agency personnel do not publish information on successes or failures of these activities in professional journals so that they are not widely known. This shows that responsible scheme agencies lack thorough preparations and careful screening for the actual targeted poor in assigning credit loans. The International Fund for Agricultural Development (IFAD) (1998) finds that successful performance of credit requires the actors to address two conflicting requirements for the actual resource poor women at the grassroots. They are namely: (a) keeping the costs and risks of the financial intermediary to a minimum and (b) identifying the requirements of the real resource-poor women.

Evaluating the 1987 first major donor programme for women IGAs in Tanzania, Kurwijira and Due (1990) noted that there exists a dilemma between lending to poor women, or to middle and upper income women. Poor women are characterized by low levels of education, resources, and entrepreneurial experience, whereas the better off possess resources on which they can draw in time of need, and from whom the programme expects prompt repayment. Since most of these projects are not tailored to the actual requirements and constraints of the poorest the situation implies that the adopted credit models are either designed haphazardly, or there lacks professional assessment and planning for starting the schemes.

2.5 Recent innovations for women's credit funding

Recent innovations for women credit programmes conclude that the success or failure of a loan is largely determined by a competent initial assessment (or otherwise), of the potential ability of the applicant to repay (IFAD, 1998). Projects should seek to strengthen local professional capacity to assess the extent to which resource poor households can sustain loan repayments. Collateral arrangements should be tested to take account of the asset limitations of resource-poor households and particularly women. Secondly, they have to provide flexible and responsive arrangements. Micro-finance specialists argue that the prospects for the scheme's stability are improved by innovations such as 'social collateral' and 'regular repayments instalments' (Johnson and Rogaly, 1997).

To achieve sustainability, micro-finance institutions need to ensure that the costs of providing the service are kept low, and are covered by income earned through interest and fees on loans (Harvens, 1996). A good example is the IFAD lending experience. The Fund has two mechanisms to minimise lending costs. One is to organise women into groups, which encourage savings and distributes credit among members. Another is the co-operative model which had re-emerged as a member owned and controlled institution (IFAD, 1998). Whichever approach is followed, projects that adopt genuine participatory practices have greater success in providing women with access to financial services. The IFAD practice, have been a successful exercise for the Tamil Nadu Women's Development Project in India.

Currently IFAD (1997) has suggested that credit - especially in rural areas has a better chance of working if women have equal access to get it. The Fund stresses seven essential elements in the participatory approaches. They include the involvement of the beneficiary in credit design. Secondly, it advises that there should be physical and cultural closeness of credit to women. Thirdly, that - the collateral, credit disbursement and reimbursement mechanisms are to be flexible and adaptable to the needs of the poor. Fourthly, that - women need to have equal access to credit. Credit has to bear positive real interest rates on deposits and loans. Savings functions have to be provided together with credit, and lastly, that - training has to be provided for members and leaders in the case of groups.

But despite the IFAD suggestions, there is another possible hindrance that may originate from outside the model, and; which equally brings about credit failure. For example the poor performance may continue to persist irrespective of the suggested model if there is no thorough analysis of the existing macro-economic situation for the entire environment.

Normally, the broad-based macroeconomic policy reforms that are aimed at creating dynamic economy are effective in fostering growth in micro-enterprises, but when the overall economy is stagnant micro-enterprises appear to be a fragile employment with very little profits (Mead and Liedholm, 1998). In principle, however, it is argued that - from economic point of view, government policies discriminate against micro-enterprises in relation to their larger counterparts, and more so in terms of their access to inputs and the prices they must pay for these inputs (Mead and Liedholm, 1998).

2.6 Some impacts of macroeconomic policies on women's credit for IGAs

In Tanzania, however, the current standing obstacle with the IFAD approach is that credit disbursement and reimbursement mechanism are not likely to be flexible and adaptable to the needs of the poor at this time of liberalisation. The on-going competition and privatisation exercise, particularly of the public banks provides little room for that opportunity. The remaining option for flexibility to the poor is the private source of credit funding, and if this would be the case then has to be at the expense of applicants themselves by risking their own economic resources.

Moreover, the impact of structural adjustment programmes (SAPs) on the macroeconomic environment in Tanzania is not conducive enough to support the poor (women) at the grassroots. It is argued that the adoption of SAPs in Africa, which is aimed at economic reforms to stabilise developing countries' economies through promoting their growth by devaluation, producer price changes, trade liberalisation, privatisation, and supporting institutional reforms – has usually occurred in a form of economic crisis (CDR, March 1995). Some of the remarkable cases in Africa include the emerging signs of the widened gap in income and opportunity between the poor in urban and rural areas. For example after starting adjustment, trends show that in the remote areas there is greater inequality between those with assets and easy access to inputs, credit and markets and those without.

Presently, there are no actual differentiated analyses of the impact of adjustment programmes on the situation of women at the grassroots in particular, but it is

obvious that they are the hard hit (Walter, 1996). It is claimed that the implementation of SAPs in the context of African economic situation has made women material status suffer threefold, i.e. economic competition; additional costs; and additional tasks. For example, the fact that there are cuts in social services and subsidies for basic foodstuff, electricity and water etc, has caused men get engaged in traditionally female dominated IGAs (Walter 1996). Shortages and lack of subsidies imply higher costs and prices for procuring basic social amenities. Currently, more and more men are starting, or enhancing small projects like keeping dairy cows and/or raising poultry etc, as a means of generating income especially after the retrenchment exercise. However, the involvement of men in IGAs of similar lines of production like those of women subjects the latter micro-projects to a sort of competition. In theory, the implication of such involvement is that the structural adjustment has apparently subjected women IGAs to some sort of economic competition.

Furthermore, it is argued that while people have to pay for the previously cost free services, the existing shortage of social services leads to the rising prices for the available few commodities. These two factors imply that more additional costs are born by consumers to meet the same levels of services that were received before adjustment. However, the main implication is that, as a result of adjustment programmes, most of the income generated by women IGAs is substantially reduced.

In order to survive the competition and manage the associated costs, women are supposed to work harder and (even) faster than before so as to produce and earn

more. This factor increases the amount of task women had previously born before the adjustment. The situation forces women to involve their children and especially daughters in operating their (women) IGAs, to procure material income for the households' subsistence.

CHAPTER THREE

3.0 METHODOLOGY

3.1 Description of study area

This study was done in Shinyanga region between February and May 1999. Shinyanga region lies in the northwestern part of Tanzania between longitudes 31° and 35° East and latitudes 2° and 3° South (Bureau of Statistics, 1994). The region consists of seven districts namely, Shinyanga Urban, Maswa, Bariadi, Shinyanga Rural, Meatu, Bukombe and Kahama. The study, however, was conducted in the two different administrative boundaries namely, Shinyanga Rural and Shinyanga Urban districts. Three divisions from the rural area and one division in the urban area were involved in the study. They were Samuye, Itwangi, Kishapu and Mjini respectively.

There are two main reasons for choosing Shinyanga region for the study. Firstly, the region is one of the four cited poorest regions in the country. Others include Kigoma, Lindi and Ruvuma (Financial Times, 30 Dec. 1998 – 5 Jan. 1999:10). The paper describes both Shinyanga and Lindi as having over 90 percent of the people living in poor households, and approximately 80 percent in households that are classified as hard-core poor. The criterion for classifying poor regions was based on regional mapping of poverty. The indicators of this approach identify poor regions as characterised by low rainfall, poor soils, distance from markets, and minimal infrastructure (Financial Times, 30 Dec. 1998 – 5 Jan. 1999:10).

Secondly, at the time of this study there were six different credit agencies in Shinyanga region that operated micro-credit schemes for income generation at the grassroots. They include PRIDE, CDTF, SIDO, OXFAM/UK, WDF and Agriculture Programme. This number of credit agencies was at least big enough for the study analysis. All these credit schemes involved credit funding for women at the grassroots level.

3.1.1 Climate

In average Shinyanga is a dry region, and receives between 600 mm - 1600 mm of rain per annum. In most cases the rainy season starts in October and ends in May. January and February are usually dry and this affects crops very much (Bureau of Statistics, 1994).

3.1.2 Population

The 1988 census recorded 1 764 000 as the population of Shinyanga region (Bureau of Statistics, 1994). This number was recorded to be growing at the rate of 2.9% per year. It therefore implies that if this rate has maintained, then by the end of December 1998 (10 years after) the population for the region was to be estimated at 2 348 000 inhabitants.

3.1.3 Occupation

There are two main types of occupation carried out in the region. They include cattle husbandry and agricultural farming. Agriculture involves both food and cash crops. The major grown food crops are maize, finger-millet, sweet potatoes, rice and

cassava. The main cash crops include cotton, sunflower and tobacco. Gold and diamond mining is one of the emerging lucrative occupations, but up to the time of this study it was a very small number of the entire population that was involved with this occupation.

3.1.4 Existing credit organisations

The oldest and most popular form of credit organisations in Shinyanga region is the Savings and Credit Co-operative Societies (SACCOSs). There are other credit schemes that are operated by the formal financial institutions like banks, e.g. the former Co-operative and Rural Development Bank (CRDB) and the former National Bank of Commerce (NBC). Other small credit schemes include such funds as Caritas (which was closed before the time of this study - previously was operated by the Roman Catholic Church). The SACCOSs are mainly operated by the civil servants who are employed on permanent terms. The micro-credit schemes for women's income generating activities are the most recent attempts. Both the government and donor community initiate and guide the process toward alleviating poverty amongst the poor at the grassroots. The involved credit scheme agencies at the time of the study include the WDF; CDTF; PRIDE; OXFAM-UK; SIDO; and the Agriculture Programme.

3.2 Research design

This study used a cross-sectional research design. The reason for the choice of this design is that it is easier and economic to conduct especially where resource constraints like time and money dictate the results.

3.3 Sampling procedure

3.3.1 Sampling unit

The target population for the study involved grassroots women who operate IGAs by using credit loans from various credit scheme agencies. From the list of the sample frame or beneficiaries (who are the sampling unit) - kept by the ward executives and the credit agencies, random numbers were assigned to select the required number of beneficiaries for the interview. The selection of respondents per village was based on the proportion of beneficiaries distributed amongst the villages. More respondents were selected from villages with big numbers of beneficiaries.

3.3.2 Sampling techniques

3.3.2.1 Sample size

The sampling obtained 77 respondents from the urban area and 44 respondents from the rural area. This made a sample size of 121 respondents.

3.3.2.2 Sampling methods

Three sampling methods were used to get the required sample size. They included multistage random sampling, simple random sampling (SRS), and purposive sampling.

Purposive sampling was used to consult the appropriate credit officials for the schemes of the surveyed agencies. The method was also used to get the required sample of beneficiaries from the sampled area. There were two reasons for adopting

this method. First, it is a recommended method when the sample elements are to fulfill certain criteria, or possess certain characteristics under study (Peil, 1982; Mbilinyi, 1992). One of the important characteristics for interviewing the beneficiary was that a person was living in that area and has received loan for a period not less than a month's time before the time of this study. The other reason for this method is based on the argument advanced by Krathwohl (1993). This author maintains that such sampling, when done properly, is a stringent test of findings because it seeks individuals whose actions might contradict the conclusions, and that - in so doing, it strengthens the logic of the used method in the sampling.

A multistage random sampling was used to select divisions, wards, and finally villages - in the case of rural areas. The reason for the method was that the targeted population was much diverse and more distributed within rural and urban areas.

(a) The urban sample

In the urban area Mjini was the only division that was selected randomly for the study. The sampling method was SRS. This division has nine wards but only eight out these were selected. They included Kambarage, Mjini, Ngokolo, Ibinzamata, Kizumbi, Ndalla, Kitangili and Chamaguha. Table 3.1 shows that the greater proportion of beneficiaries lives in Kambarage, Mjini, and Ngokolo wards than any others. Kambarage has majority of the beneficiaries, i.e. more than Mjini and Ngokolo combined. For this reason therefore, the researcher considered the proportionate number that would be selected from Kambarage would be more than twice the average for Mjini and Ngokolo wards taken together. That is, 28

respondents for Kambarage, and the average of 12 respondents from each ward of Mjini and Ngokolo. A total number of 77 respondents in the urban area was selected from eight wards by using SRS.

(b) The rural sample

In the case of the rural sample the selected wards included Didia and Tinde (in Itwangi division), Samuye (in Samuye division) and Kishapu, ^{Singulu} Shaghibilu, Mwamalasa, and Uchunga, (all in Kishapu division). Although ward executives and village extension officers (VEOs) knew the places for almost all women beneficiaries, the selection of villages was based on random selection by the SRS method. The selected villages were, namely: Kituli, Didia, and Ibingo. These are found in Tinde, Didia, and Samuye wards respectively. Other villages were Mhunze, Shaghibilu, Bupigi, Mwamalasa, Mwandu, and Mwamashimba. The first three are found in Kishapu, ^{Singulu} Shaghibilu, and Uchunga wards respectively, and the last three are found in Mwamalasa ward. Table 3.1 indicates that a total number of nine villages in the rural were surveyed and 44 respondents were interviewed.

There were two reasons for having a smaller rural sample than the urban area. Firstly, almost twice as many beneficiaries were found in urban than the rural area. Secondly, most of the credit agencies were targeting specific areas and others were location specific in providing credit. The good example for this type of agencies is CDTF which is based in Kishapu division.

Table 3.1. Sample respondents by location*

Urban			Rural		
Ward	No. Respondents	Percent	Village	No. Respondents	Percent
Kambarage	28	36.4	Mhunze	10	22.7
Mjini	13	16.9	Shagihilu	7	15.9
Ngokolo	10	13.0	Mwamalasa	7	15.9
Ibinzamata	6	7.8	Mwandu	1	2.3
Kizumbi	6	7.8	Mwamashimba	1	2.3
Kitangili	3	3.9	Didia	4	9.1
Ndalla	7	9.1	Bupigi	4	9.1
Chamaguha	4	5.2	Kituli	4	9.1
			Ibingo	6	13.6
Total	77	100.0	Total	44	100.0

Source: Research data, 1999

* All figures in subsequent tables derive from the research study data.

3.4 Data collection

This study collected both primary and secondary data for the problem analysis.

3.4.1 Instrumentation

3.4.1.1 Beneficiary's questionnaire

Extension officers for Community Development in Tinde and Didia wards assisted the researcher to conduct interview for the sampled respondents in the sampled villages. In Kishapu division, however, the extension officers for Community Development, and Agriculture and Livestock Development assisted to conduct the interviews. Before involving these extension officers the researcher instructed them on how to ask questions.

The questionnaire was clarified by going through questions. All questions were translated into *Kiswahili* so as to be understood by respondents. In some cases extension officers had to use vernacular language (*Kisukuma*) to facilitate communication for some of the interviewees.

3.4.1.2 Credit official's questionnaire

Interviews were also held with Credit Scheme Officers. Scheme managers for SIDO, PRIDE, CDTF, and Agriculture Programme were visited for interviews at Shinyanga. CDTF has another sub-office at Mhunze in Kishapu where the agency coordinates field operations including materials for the credit scheme. Similar interviews were held with credit supervisors for WDF, i.e. the Town Community Development Officer (TCDO) for Shinyanga Town Council, and the DCDO for Shinyanga District Council. The researcher, however, had two appointments to meet with the scheme officer for OXFAM at Shinyanga office but in both cases the officer was away on other duties.

3.4.2 Primary data

Primary data were obtained through personal interviews conducted in Shinyanga Urban and Shinyanga Rural districts by using a beneficiary's questionnaire (Appendix 1). In order to get the required primary data four basic methods were used, namely: structured interviews; semi-structured interviews; unstructured interviews; and where necessary a focus group discussion was done. Informal dialogue was also encouraged during the interview so as to maintain normal atmosphere in responding to some questions. Personal observation was also another

method of collecting data. It was used to assess the socio-economic situation of the recipients, and in particular the physical situation of the projects under study. Credit scheme officers in the sampled agencies were also interviewed using the official's questionnaire (Appendix 2).

3.4.3 Secondary data

Most of the secondary data concerning women credit schemes for income generating activities (micro-projects) were obtained from the libraries of: SUA, Cooperative College Moshi, Institute of Development Management (IDM, and the Institute of Development studies – UDSM. Other sources included the Researches on Poverty Alleviation (REPOA), Tanzania Gender Networking Programme (TGNP), and Credit for Women Tanzania (CREW Tanzania) - in Dar es Salaam. Additional sources were collected from some evaluation reports and documentary reviews of the surveyed credit schemes – kept by respective agencies in the sampled area.

3.5 Data analysis

David and Meyer (1979) argue that a proper evaluation would require the estimate of the differential of “before-and-after” changes for credit recipients versus comparable non-recipients. However, von Pischke and Adams (1980) assert that this measure surmounts the empirical hurdle of “fungibility” to obtain a well-defined estimate of “additionality” due to the credit scheme.

But, for reasons of cost, convenience, and lack of comparable control group, many evaluations rely on “before-and-after” information – with “before” based on

“recall” (Rao, 1980; Page, 1977). The above stated reasons were the factors that led to adopting 'before-and-after' methodology for the data analysis.

Most of the collected data were mainly quantitative. However, four methods of analysis were used to analyse the data. They include the T statistic test at 5% level of significance, the χ^2 statistic at 5% level of significance, cross tabulations, and the current ratio (CR) measure - all methods were aided by computer analysis using a Statistical Package for Social Sciences (SPSS) program at SUA computer lab. The CR measure, however, tests the financial capability and the viability of the project, in terms of its liquidity to meet future debt repayments in the course of its business. Specifically, the analysis of data was based on the hypothesis that “credit interventions to reduce poverty amongst women at the grassroots in Shinyanga have no effect on beneficiaries' income”. The validity of this assumption was tested in Section 4.17.6

3.6 Limitations of Study

In carrying out this study, though successful there were some critical limitations. They include the limited co-operation the researcher could receive from one of the agencies namely, PRIDE. The agency's policy in relation to visitors who consult the agency to collect data for the sake of publicity is to pay some fee amounting to US\$ 100. When the data are sought for the study purpose the visitor pays US\$ 50. The fee may either be paid in local or foreign currency, but the researcher did not have this amount. The manager therefore, decided to give at least the minimum assistance to the researcher on goodwill basis. This included answering the questionnaire, but with

little detailed information for questions asking the reasons of adopting the Grameen System for the credit delivery.

Another limitation was lack of sufficient research funds. Under the cost sharing system, the researcher received a minimum fund from his employer for conducting this study. Most of the costs born have proved to be too high to meet for a self sponsored person of the researcher's type. This had put a big limitation on the researcher especially in collecting data in the field, and analysing them at the university main campus.

CHAPTER FOUR

4.0 RESULTS AND DISCUSSION

4.1 Credit agency for the loan

Table 4.1 presents a list of studied agencies with respective number of respondents that reported to have received credit loans from the agencies. CDTF and PRIDE appeared the highest in giving credit loans to most of the recipients. About a quarter of respondents (24.8%), received loans from CDTF and 23.1% from PRIDE. However, a fifth of respondents (19.8%) obtained loans from WDFU. This percentage was about four percent more than those provided loans from the Agriculture Programme (AGPR).

Table 4.1 Credit agency for the loan (N = 121)

Loan agency	Number	Percent	Location
WDFU	24	19.8	Urban
CDTF	30	24.8	Rural
PRIDE	28	23.1	Urban
SIDO	6	5.0	Urban
OXFAM	5	4.1	Rural
AGPR	19	15.7	Urban
WDFR	9	7.4	Rural
Total	121	100.0	

Source: Research data, 1999

Each of the remaining agencies, namely: SIDO, the Oxford based organisation for supporting the poor - OXFAM/UK and WDFR gave loans to less than 10% of the sampled population.

Apart from choices for the agencies, the study revealed that the distribution structure of respondents was largely based on the nature of credit policies. Some of the policies have had incentives to attract many recipients while others were limiting them from accessing loans. Credit conditions therefore, were the main source of motivation to secure loan from various agencies. Virtually, credit policies and conditions reflect different profiles of credit models. They include credit amount; repayment periods; interest rates; and conditions/terms of repayment. The following sections describe different loan profiles of the studied credit models in various agencies.

4.1.1 CDTF agency

CDTF was founded in 1962 as charitable trust by the late Lady Marion Chesham. The agency, however, was registered the same year as a non-governmental, non-religious, and non-profit making charitable trust (CDTF Profile, Undated). At the time of this study, the Fund was based in Kishapu division which is located in the eastern side of Shinyanga Rural district. The reason for the agency to choose Kishapu was to support the large numbers of the targeted population (i.e. the grassroots women whose households were persistently hit by annual food shortages). Up to the time of this study, the agency had attracted many recipients in that area of operation.

4.1.1.1 Organisational objective

CDTF maintains a donor oriented objective, and, in respect of this orientation the agency supplements government's efforts to bring about rural transformation by supporting, and assisting small-scale self-help projects (CDTF Profile, undated). Therefore, one of the key tasks that are carried out by the agency is to meet this objective by providing loans - that are favourable and affordable (under cheaper conditions) by the poor at the grassroots.

4.1.1.2 Conditions and loan procedure

Comparatively, the loan conditions of CDTF are more favourable to the rural poor than other studied agencies. Loans are either in-kind (e.g. farming tools), or in form of finance. In addition, however, loan repayment observes the grace period the beneficiary may enjoy before starting to repay. Under this grace period the unforeseen contingencies like drought and floods, that might affect the development of income generating activities of the loan recipients, are much considered. The loan amount is Tshs. 400 000 = per group of five to fourteen members. This amount was reported to be enough to cover the group credit needs of the recipients. Of all the agencies, CDTF charges the lowest interest rate of 16.25% for the loan.

4.1.2 PRIDE agency

PRIDE operation in Tanzania is a much recent activity. Before starting business in Tanzania it was first established in Kenya in September 1989 by an enterprising American. Up to then the agency was largely funded by the United States Agency for

International Development (USAID) (Buckley, 1996). Buckley (1996) mentions that a distinct feature of this scheme from other agencies is that it is a credit-rating mechanism based on repayment punctuality. Literally, the agency is a fairly rigid copy of the Grameen Bank System.

At the time of the study PRIDE was one of the non-governmental organizations (NGOs) that operated credit schemes in Shinyanga urban area. The agency provided financial loans to the applicants (for micro-enterprises) that were situated within a radius of five kilometres around Shinyanga town. The main reason for the short distance is that it was easier to ensure appropriate manageability of loans from the centre, i.e. the office.

4.1.2.1 Organisational objective

PRIDE organizes its activities on purely commercial lines. Its organisational objective is to maximize profits, and the manager confirmed that the firm is committed to achieving this objective. From the researcher's personal observation, it was doubtful to confirm as to whether the firm was really targeting the poor or not, because the commitment of the firm to achieve commercial objective was stronger than the motive to support the poor. This kind of observation was also confirmed by the case study on PRIDE in Kenya where Buckley (1996) notes that the PRIDE programme is probably the most ambitious and (arguably) the most dynamic of the minimalist lending schemes in Kenya.

4.1.2.2 Conditions and loan procedure

PRIDE loaning system maintains more customers than losing them. Loans are not necessarily for the poor – (in a sense of earning below poverty line income indicated in Sect. 4.15.7), - but anybody (male or female), who operates (or intends to start) income generating activity. Loans are advanced to individuals in the groups of five with loan security resting on peer pressure within the groups.

At the time of this study loan recipients attended weekly sessions at the office to submit repayment instalments and discuss new applications for loan approval. A loan insurance fund (LIF) exists and there are compulsory weekly savings. Sometimes beneficiaries held seminars and meetings on loan related matter. The credit system for PRIDE in Shinyanga maintains strict rules regarding loan repayments. But despite this big pressure for repayments on the part of the clientele - the agency appears the top second, with more than a fifth (23.1%) of respondents who had received loans (Sect. 4.1). There are two main reasons that account for this big number of applicants who secured loans from PRIDE.

First, PRIDE policy and credit conditions offer a bigger package of loans than most of the other scheme agencies. For example, the orderly system of the agency provides loans to individuals in seven possible consecutive phases that range from Tsh. 50 000.00 to Tsh. 2 000 000.00. Yet, despite charging high interest rate of 30%, a customer who pays back the loan timely gets a 10% bonus if he/she had borrowed between Tsh. 200 000.00 to Tsh. 2 000 000.00. On the whole, the agency's system is more likely to meet (even) high amounts of credit needs for its customers. *

Moreover, the repeat-loan-eligibility is always unlimited if the borrower's repayment record is good. This condition is not the case that applied to all other agencies. PRIDE system is partly different from the IFAD model that was used to support Women Development Project in Tamil-Nadu because the former (PRIDE), has done little to prepare the possible applicants for the loan. According to this model, IFAD (1998) notes that the success or failure of the loan is largely determined by competent initial assessment of the potential ability of the applicant to repay. Pride system has not met this requirement.

Secondly, PRIDE conditions motivated new customers to continue borrowing. For example, if a new applicant became a customer she would start borrowing by getting phase one loan which is equal to Tsh. 50 000.00. This loan is repaid with interest in 25 weeks starting from the first week the recipient receives the loan. This person, however, would have an extra Tsh. 25 000.00 as deposit at the end of loan repayment because she deposits Tsh. 1 000.00 weekly. If the customer wanted more loans in the followed successive phases, the saving process would continue at the same rate. Once the customer wants to terminate membership with PRIDE, all savings (minus debts) would be paid back to her.

4.1.3 WDF agency

WDF is a credit scheme agency established in 1993 by the Tanzania government through the Ministry of Community Development Women and Children Affairs (MCDWCA). It was established with a legal status of an NGO to provide credit loans

to women (MCDWCA, Undated). It is documented that at the district level the Fund is supposed to be administered by the WDF District Committee - as a Co-ordination Unit chaired by the District Executive Director (DED), and the District Community Development Officer (DCDO) is the secretary. Among other functions the Committee is supposed to verify the utilisation of funds, mobilisation of loan repayments, and the monitoring of credit loan delivery and recovery. Generally, it is supposed to keep track of the scheme progress.

4.1.3.1 Organisational objective

The major objective of the Fund is to raise the economic status of women by assisting them to invest in income generating activities (MCDWCA, Undated).

4.1.3.2 Conditions and loan procedure

Although the District Committee is supposed to administer the Fund, at the time of this study it was apparent that almost all committee functions were left to the department for Community Development. This department identified women groups and their financial requirements, then submitted the proposal to the Committee for approving loan applications.

The implication of this procedure at the district level was that of structural disorder because the implementation of the scheme did not follow the proposed organisational structure. The scheme was integrated into other assignments and functions to be performed by the department civil servants. As a result of this anomaly, WDF as an

NGO - did not enjoy the immunity of operating the scheme outside bureaucratic procedures followed by any other civil service department.

Up to the time of this study, WDF, through the District Committee - had advanced loan to 27.2% of the respondents in both urban and rural areas. About a fifth of the sample (19.8%), were from urban area and less than a tenth (7.4%) were from rural areas (Sect. 4.2). The loan size ranged from Tsh. 100 000.00 to Tsh. 300 000.00 per group of five. This was repayable by instalments in a year's time with an interest of 24%.

But, apart from this lending record of the agency to women groups, its credit activity connotes what Judith Tendler (1987) has denounced, that, common experience shows that credit schemes for low income (poor) households tend to reach the more vocal entrepreneurs, and that the most successful micro activity projects are not able to reach the truly poor directly. That, apart from the Grameen Bank, is also debated as to whether their clientele deserve to be considered as the poorest of the poor (Tendler, 1987: cited by Billetoft, 1996).

During this present study it was reported that credit funds were always in short supply, although the scheme maintained a revolving-fund system. But, above all, the study noted that there are no wishful concerted efforts by the agency's screening system to support the truly poor sections of the society. One of the credit officials in the Community Development Department (CDD) (Urban) mentioned that they would prefer to give loans to those who were capable to repay. This kind of opinion was

also expressed by the group of respondents at Kituli village in CDD (Rural). Respondents expressed this concern as one of the factors that limit cohesiveness amongst the groups. In every group of five members at this village only three primary school teachers received loan. There were two groups of this kind. Other non-employed members of these groups were considered to have no other sources to repay if their projects would fail.

This study finding is similar to the targeting opinion by the Bangladesh Rural Advancement Committee (BRAC) in Bangladesh. The study on BRAC noted that at field level targeting is less emphasised than the need to keep repayment rates high. Performance pressures result in programme organisers being more selective when recruiting new members, than the need to keep repayment rates high. They prefer the slightly better-off amongst the poorer of the local populations because such people are more likely, (in the perceptions of the field staff) to repay their loans on time, than the less well-endowed and the asset-less (Montgomery *et al*, 1996).

4.1.4 AGPR agency

The Agriculture Programme in Shinyanga is one of the credit agencies supported by Heifer Project International (HPI). This agency provides livestock micro-credit to grassroots women - (sometimes called 'livestock dispersal') in form of heifers to individuals.

4.1.4.1 Organisational objective

The main objective of the Programme in Shinyanga is to raise the standard of living of women at the grassroots by donating productive dairy cows and goats to them. The programme, however, intends to sustain itself in future. Beneficiaries therefore, have to submit to the programme the first and second heifers produced by that cow in order to supply them to other members in other groups. In the case of dairy goats beneficiaries have to submit the first three kids. In both cases, submitting animals is considered as repayment in-kind.

4.1.4.2 Conditions and loan procedure

Usually recipients are required to form economic groups based on self-help arrangement. The programme manager at Shinyanga office said that before receiving cows, beneficiaries were supposed to attend a seminar for about six months - (twice weekly), on how to keep dairy cattle. Normally, participants receive training for basic husbandry and forage growing techniques. Before receiving loans, beneficiaries are supposed to prepare adequate premises for keeping cattle. Each beneficiary has to construct a shed for the cattle, and the shallow-well for water supply.

The Programme Manager said that in order to serve the groups better, some of the seminar participants were selected to train for simple veterinary techniques - (i.e. para-veterinarians) at Mogabili in Mara region. All participants were asked to keep some medicines for treating animals against common diseases. This included routine spray to protect the animal from other common infections. At the time of this study, there was only one respondent with a dairy goat. About 15.7% of respondents received dairy cows

and one dairy goat (Sect. 4.2). The credit value per individual cow was Tshs. 250 000.00. Since repayment was in kind - i.e., submitting 'produced animal' for the 'borrowed animal' - the young heifer was usually submitted at the age of nine months. At this age the Programme valued the animal at Tshs. 80 000.00. It means credit beneficiaries in Shinyanga were repaying loan to the Programme at a lesser amount than the actual value they received. The credit officer said that it was enough if one considers the little ability of the borrower and the cost and risk of raising the animal. One kid was valued at Tshs. 15 000.00. The programme charges no interest for the loan.

The loaning process was to continue until the whole target group received credit. If the produced heifers were bulls, then the Programme would sell them and use the money to buy the required dairy cows for other beneficiaries. The programme officer explained that if, for reasons outside the owner's control, the cow dies then the beneficiary gets another cow when all others have got. But, where it would happen that the life of the animal was threatened or exposed to a complete risk due to family problems, then the Programme re-possesses the cow from the beneficiary if it were still under repayment contract.

A few weeks before the study, a certain household with a credit cow developed into social disputes leading to family disharmony. The situation ended up into breaking the family. Then the programme officer took the cow back to the Programme. The researcher asked whether the beneficiary would get back the cow after settling family disputes. The officer said it was impossible, and, the cow was issued to another beneficiary. Although dairy projects were meant to support women's income at the

grassroots, the Programme expected more of the co-operation of couples and greater responsibilities in running these household projects. The good example of such a co-operation is found in Kenya where the HPI and the Ministry of Agriculture train all members of a participating family to care for the animals (IIRR, 1988).

4.1.5 SIDO agency

SIDO is one of the agencies that operate credit scheme in Shinyanga region. The firm is a parastatal organisation that provides micro-credit loans to different applicants including women. While the organisation is responsible for the whole region, up to the time of this study there existed no zonal or sub-regional quarters elsewhere in the region other than the head office. The manager said it is expensive and much costly to run sub-offices away from the regional office. Therefore, all women loans that are issued by SIDO credit scheme in Shinyanga are managed from the regional office.

4.1.5.1 Organisational objective

The manager at Shinyanga office explained that SIDO is a public organisation, but it is now in business like any other private firm to pursue profits. Therefore, the main objective for the organisation to operate the credit scheme is to generate commercial profits.

4.1.5.2 Conditions and loan procedure

The manager informed that SIDO gave two types of credit loans - namely, the big loans and the small ones. Big loans involved machinery valued at between Tshs. 1m and Tshs. 6m., and the small ones valued at between Tshs. 100 000.00 to Tsh. 500

000.00. There are no loans ranging between Tsh. 500 000.00 and Tsh 1m. At the time of this study it was noted that about 5.0% of the sampled beneficiaries had already received small loans, and none had received big loans from SIDO (Sect 4.1). Credit loans, however, are either in the form of finance or machinery. Unlike other studied agencies, credit policy and conditions of SIDO do not allow many applicants and especially the poor an easy access to credit. Policies and procedures reflect this situation. The firm charges 30% interest rate on principal value of the loan. This rate is relatively high when compared with other agencies like CDTF and WDF. One credit official said that by the very nature of SIDO credit policies, the poor at the grassroots are automatically eliminated. That is, the poor are disqualified by the lending criteria.

The officer, however, reported that customers who stay far away, (beyond 50 km.), cannot be assisted with loan amounting to less than Tsh. 300 000.00. SIDO claims that it is expensive to manage small amounts of loans - less than this per individual - from the regional office. The implication of this is that, the policy obviously limits a number of many distant applicants seeking small loans from the agency. The agency advises applicants who may come from such distant places to apply for assets or machinery loans, because these are easily obtainable from the firm than the small cash amounts.

Respondents reported that they qualified for credit from SIDO after meeting several requirements, and most of them were extremely challenging. The qualifying criteria involved seven crucial elements, namely: business premise assessment; project

appraisal; guarantor assessment; attending project seminars; possessing security; paying consultation fee; and finally paying for preparation of contract.

In order for the applicant to get the loan, SIDO assesses the business premises in terms of location; market situation and the type of products or services intended to be given. In principle this is the rule. Further, it appraises the intended project itself. Then the financial capability of the guarantor(s) has to be seen and assessed. The applicant is obliged to attend SIDO seminar concerning that business project. Finally, the applicant has to pay a flat rate of about Tshs. 2 000.00 as a consultancy fee. This amount of money is used by SIDO to visit the business and pay for any other necessary services. A confirmation for the loan entails the down payment of 30% of the credit value for a security. SIDO charges an interest rate of 30% to the loan repayable by instalments in years.

4.1.6 OXFAM agency

OXFAM is one of the agencies operating women credit schemes in Shinyanga region. At the time of this study the agency had already issued credit loans to a number of women groups in Shinyanga Rural district.

4.1.6.1 Organisational objective

The agency has various important projects related to poverty alleviation amongst the poor in the region. One of the main objectives of the agency is to raise women's income through credit loans.

4.1.6.2 Conditions and loan procedure

The required number of group members is not more than five. Respondents reported that each group receives about Tshs. 340 000.00. This amount of loan is repayable by instalments in three years with an interest of Tshs. 150 000.00 (or 44.12%). Of all other studied agencies in Shinyanga, OXFAM offers longer period of time for loan repayment but charges the highest interest rate to the loan. At the time of this study, about 4.1% of the sampled beneficiaries had received loans from this agency.

The amount of loan, however, is big enough to meet credit requirements for the applicants, but most of them are pessimistic to apply because of the two main reasons. First, since most of the applicants belong to households that depend on farming, very few dare to risk their credit loans by investing in agricultural projects because of poor rainfall reliability. Secondly, interviewed respondents reported that, although the amount of credit is big enough to operate possible micro-projects the interest rate is too high for the poor to repay. The above two reasons imply that only the able few, with possible alternatives to repay and/or to cover-up the risk may afford to take the loan from the agency.

4.2 Information Channels on Existence of Credit Facility

The distribution of respondents by various facilitators is shown in Table 4.2. More than two thirds of respondents (69.4%) were informed or supported by the credit agencies. A small percentage slightly less than a tenth (8.3%) reported to have secured loan by means of own efforts. This number was about four percent less than those supported or informed by the fellow friends. A few respondents (2.5%) reported to have been

supported by village, or street leaders. Husbands were reported to have supported 1.7% of the sample.

Table 4.2 Supporter and/or Informer to secure loan (N = 121)

Supporter	Number	Percent
husband	2	1.7
friend	15	12.4
credit agency	84	69.4
village/street leader	3	2.5
self initiative	10	8.3
other	7	5.8
Total	121	100.0

Source: Research data, 1999

Mass mobilisation was one of the methods used to inform the target population about credit availability. The method was widely used by PRIDE. Some respondents reported to have been informed by other agencies through recommending original micro-projects they were running before credit funding. PRIDE mobilisation took a form of demonstrations in public places like markets, and along main roads in the urban area. Mobilisation could involve the distribution of many posters that show the agency's business on credit funding.

Some agencies like CDTF, Agriculture Programme (AGPR), WDFU, and WDFR, supported applicants after assessing the limiting factors that affected the development of previous women projects. Other information was gathered through on-site visits. Agency officials visited the sites of respondents' on-going projects.

Sometimes it was through extension workers' reports. At times, officials gathered information through formal outlay-shows for products or services produced by those projects. In the latter case products or services were seen on special occasions or functions. More often this channel involved national or ministerial delegates who paid visits to urban or rural areas to see various women development programmes.

Agencies like SIDO, and OXFAM were just advertising through their offices and public notice boards. Generally, the overall trend regarding supporters or informers to secure loans indicated that majority of respondents were either supported, or informed by credit agencies themselves.

4.2.2 Respondent distribution

The implication of the figures in Table 4.2 would be explained by assessing the available amount of credit disbursements, and more so by the associated credit conditions in various agencies. The study, however, has noted that credit agencies in the sampled area were aware of the existing critical need for the loan amongst target group. But, with meagre credit resources available, it was difficult to facilitate the entire mass at once. The situation therefore, established a sort of competition that necessitated some respondents to seek supporters, e.g. village leaders, friends, etc in order to secure loan from those agencies.

On the other hand, credit officials argued that apart from the need for credit facility, individual respondents within target population had choices of preference for

particular agencies. Yet, the type of supporters or guarantors influenced those choices.

But, whichever explanation, it is important to note that in situations where resources for unlimited needs are scarce, competition for accessing the available few resources is always apparent. Therefore, it can be argued that the implied competition was a direct result of scarcity of funds amongst credit agencies. The amount of that scarcity would only stimulate a certain level of competition, but not to change credit policies and conditions. Thus, there would be no competition if credit resources were available enough to satisfy credit needs for all competitors in various agencies.

Similarly, the choice of preference for particular credit agency by certain respondents, was a direct result of credit policies and the attached conditions to them. But the relationship between credit policies and the choice of respondents would not stimulate competition if credit resources were enough to satisfy all credit customers.

4.3 Collateral for the loan

Some years before the study, it was realised that lack of security and business confidence among women in Tanzania hinder their access to loanable funds. Current innovation, however, finds that women's groups are kinds of "securities" for the loans (Business Times, Feb/March 1998). This form of collateral for grassroots women to secure loans is now widely adopted by various credit agencies found in the sampled area.

Group security in the sampled area accounted for over three - quarters (76.9%) of all respondents. With the exception of SIDO, about 85.7% of the surveyed agencies in urban and rural areas maintained this policy. They included PRIDE, WDF, AGPR, OXFAM and CDTF. Table 4.3 presents various types of collateral used for loan security. Figures in the table reveal that self-guaranteed respondents were three times less than those with guarantor(s), that is 5.0% and 16.5% respectively.

Table 4.3 Collateral for the loan (N = 121)

Type of collateral	Number	Percent
Monetary	1	0.8
self guarantee	6	5.0
guarantor(s)	20	16.5
group security	93	76.9
other (unknown)	1	0.8
Total	121	100.0

Source: Research data, 1999

The implication of these percentages, however, is that - for any female applicant who did not belong to any group and had no money for the collateral - it was three times easier for her to secure a guarantor for the loan, before deciding to become self-guaranteed. Therefore, those who decided to be self-guaranteed were capable to do so, and for unknown reasons they decided not to use monetary collateral. The decision depended much on lending policies of various loan agencies. For example SIDO allows self-guarantee for the loan security, provided the customer met all security requirements.

4.4 Entitled loan receiver

Although group security was a form of collateral accounting for more than three quarters of respondents - as indicated on the previous Table 4.3, it is still important to know whether the loan was entitled to be shared jointly as a group, or owned individually amongst group members. Table 4.4 indicates the status of recipients who received loans.

Out of 121 loan recipients, only one reported to have received the loan on undefined basis. She was the wife of an MP. Sometime before the study, the Director General for SIDO decried the habit of influence peddling for the backing from the top officials in order to gain access of loans from public or financial institutions (Business Times, Feb/March 1998). The implication of this to the scheme agency is that sometimes loans are not specifically issued to the targeted groups.

Table 4.4 Entitled loan receiver (N = 121)

Basis for receiving loan	Number	Percent
Alone	81	66.9
Jointly as group	35	28.9
Individual cum group	4	3.3
Other	1	0.8
Total	121	100.0

Source: Research data, 1999

Figures for the entitled loan receivers in Table 4.4 above indicate that although the group took the risk of loan default, not many respondents received and owned the

loan jointly as a group. Only 28.9% of sampled respondents reported to have taken the loan jointly in various groups. The remaining 71.1% operated their projects independently as individuals. It is much apparent that this aspect may strongly reduce the commitment of some members toward the development of the project because it affected the extent of risk bearing (on individual basis), in the running and management of the project. Jointly owned micro-projects were both farm and non-farm activities. Over two thirds (68.6%), of jointly owned projects were based in rural areas and most of them operated farm activities. CDTF issued loans for jointly owned activities in rural areas.

4.5 Number of group members

Percentages in Table 4.5a show the number of respondents from various group compositions in the rural areas. From the table it can be deduced that most of the groups undertook agricultural farming projects, and about three-fifths (59.1%) of respondents were from the groups with more than five members, but not more than seventeen. About half the equivalent of this number (29.5%), were from the groups of exactly five members. Unlike the rural area, percentages for the two groups in Table 4.5b show the opposite case for the urban area. In the latter area, where most of the groups deal with non-farm activities - as projects for income generating activities, nearly three-fifths (57.1%), were from groups of exactly five members. This figure was exactly the opposite situation found in the case of rural area.

Table 4.5a Group members in sampled rural area (n = 44)

No. of group members (x)	Number	Percent
x = three	5	11.4
x = five	1	29.5
Five < x < seventeen	26	59.1
Total	44	100.0

Source: Research data, 1999

Table 4.5b Group members in sampled urban area (n = 77)

No. of group members (x)	Number	Percent
x = two	1	1.3
x = three	3	3.9
x = five	44	57.1
Five < x < seventeen	22	28.6
Other (alone)	7	9.1
Total	77	100.0

Source: Research data, 1999

The implication therefore, of the two observed figures in urban and rural is that most of the agricultural farm oriented groups comprised more than five group members, whereas most of the non-farm groups were composed of five or less members.

4.6 Loan Sufficiency

Concerning the level of loan sufficiency for all respondents in urban and rural, almost three fifths (58.7%), in Table 4.6 said the loan was 'enough'. The table shows

that two fifths of respondents (39.7%) reported 'not enough'. Most of this percentage comprised those from the urban area.

Table 4.6 Loan sufficiency (N = 121)

Loan sufficiency	Number	Percent
more than enough	1	0.8
Enough	71	58.7
Not enough	48	39.7
Other	1	0.8
Total	121	100.0

Source: Research data, 1999

4.7 Alternative option if the group dissolves

Sample respondents belonged to various women groups in both urban and rural areas. Table 4.7 presents different reported options amongst respondents in case their groups dissolve now or in future.

Table 4.7 Alternative option when the group dissolves (N = 121)

Optional choice	Number	Percent
Progress alone	87	71.9
Discontinue project	27	22.3
Join other group	4	3.3
Other	3	2.5
Total	121	100.0

Source: Research data, 1999

About 71.9 % said that they can 'progress alone' when they disband their groups.

This big number suggests that their groups are not largely important for their

activities except that they join them as a matter of necessary condition to secure loans. About a fifth or 21.8% said they cannot continue with their projects individually outside group arrangement.

4.8 Previous money as part of invested capital

Before receiving loans, some individual recipients maintained some capital in form of money. Some of these beneficiaries separated this amount from the received loan - so as to operate projects exclusively with loan money. Others combined their previous capital with loans. Therefore, for those who could not separate this amount from loan money, it was necessary at the time of the study to separate the two amounts. That is, separating the previous owned money before the loan - including the possible generated profits - from the loan so as to determine the actual effect of the loan on income. Table 4.8 indicates that up to then more than a quarter (26.4%) of respondents, had their previous money combined with loan as capital for the project.

Table 4.8 Previous money as part of total capital (N = 121)

Whether previous money combined	Number	Percent
Yes	32	26.4
withdrawn/banked	21	17.4
Previously no money at all	66	54.5
Other	2	1.7
Total	121	100.0

Source: Research data, 1999

Table 4.8 Previous money as part of total capital (N = 121)

Whether previous money combined	Number	Percent
Yes	32	26.4
withdrawn/banked	21	17.4
Previously no money at all	66	54.5
Other	2	1.7
Total	121	100.0

Source: Research data, 1999

About 17.4% ran their projects by separating their previous money from the loan. The separated money was either banked or channelled into other uses. More than half of respondents (54.5%), reported to have “no money at all” before getting credit from the agencies.

4.9 Projects that started 'before' or 'after' the loan

There are beneficiaries who started to operate their projects before getting loans, and others who began after receiving loans. The majority of respondents in the rural area started to operate their projects after receiving loans.

Table 4.9 Project started 'before' or 'after' the loan (N = 121)

When project started	Number	Percent
After	73	60.3
Before	47	38.9
Other	1	0.8
Total	121	100.0

Source: Research data, 1999

Table 4.9 indicates that about 60.3% of respondents, i.e. 73 out of 121 started projects after receiving the loans. But, as is indicated in table 4.9, out of 44 respondents of the rural sample, 35 started projects after receiving loans.

However, Table 4.9a shows that in rural areas alone, only a fifth (20.5%) of respondents have started income generating projects before getting loans. The remaining percentage (79.5%) started projects after getting credit loan.

Table 4.9a Sample projects that started 'before' or 'after' the loan

When project started	Urban (n = 77)		Rural (n = 44)	
	Number	Percent	Number	Percent
After loan	38	49.4	35	79.5
Before loan	38	49.4	9	20.5
Other	1	1.3	-	-
Total	77	100.0	44	100.0

Source: Research data, 1999

Half of the respondents in urban area started IGAs before getting loans from any agencies. This percentage (49.4%), however, was equivalent to those who started projects after receiving loans. Thus, the figures in Table 4.9a suggest that lack of access to credit loans constrained most of rural women to start income generating projects than those in the urban area. In the rural area the majority (79.5%) started projects after receiving loan.

4.10 Training for project operation and management

Grassroots women who run micro-projects for generating income need to have certain fundamental skills in order to run them profitably. A study conducted by Forje (1998) in Cameroon on the profitability of women's micro-projects concluded that, the most outstanding and formidable barriers Cameroon women face derive from ignorance and not from access to credit or information. This finding in Cameroon is almost similar with this current study result. For example, the untrained 53.7% of the sample beneficiaries - indicated in Table 4.10, is one of the thorough evidences showing the level of the existing ignorance within the study sample. The extent of this ignorance may explain better why 57.0% of respondents in Section 4.20 reported to have no records for their projects. The two percentages are more or less equivalent, and, are some of the indicators showing the relationship between lack of training and sub-standard performance in the operation of women micro-projects.

Table 4.10 Training for managing project before loan

Received training	Urban & Rural (N = 121)		Urban (n = 77)		Rural (n = 44)	
	Number	Perct.	Number	Perct.	Number	Perct.
yes	52	42.9	23	29.9	29	65.9
little	2	1.7	1	1.3	1	1.3
no	65	53.7	51	66.2	14	31.8
advice/ext. officer	2	1.7	2	2.6	-	-
Total	121	100.0	77	100.0	44	100.0

Source: Research data, 1999

Literally, there are two types of fundamental skills for running grassroots micro-projects. They include management skills, and the operational skills. Both are important for the profitable operation during the lifetime of the project. Management skills tend to put a great demand on some projects at the first stages of project development before operational skills/techniques are strongly emphasised. Table 4.10 shows that less than half of respondents (42.9%) reported to have received training for managing projects which they were running before getting their loans. Yet, a sizeable number of respondents (53.7%), received 'no' training for managing their projects before or after the loans.

In the rural areas however, apart from those respondents who received training, extension officers did not visit any other respondent to give advice to project owners. Moreover, figures reveal that the biggest percentage of the non-trained was from the urban area. This constituted two-thirds (66.2%) of the urban respondents. Training for 'managing project', however, was offered by the Agriculture Programme for dairy cattle keepers only. SIDO gave instructions to customers on how to repay their loans. All agencies did not introduce any operational skills for loan recipients. Agencies are supposed to conduct seminars on how to keep records for the projects, as well as basic knowledge in elementary book keeping.

4.11 Project management skills

Management skills are intelligent actions and decisions that are necessary to fulfil for handling and facilitating every stage of project development before and after has started to produce goods or services. IFAD (1998) considers investments in projects like skills

training and literacy as complimentary components to planning for rural women projects. The Fund cites the case of Indonesia whereby lack of managerial skills is one of the big constraints that characterise rural women projects. During this study it was revealed that projects that involved livestock keeping for dairy or beef, and others like - gardening, bakery, and selling milk etc, demanded intensive management than operational skills at the beginning - though both are equally important. The main reason is that these projects are risk prone if management skills would be poor at the beginning. Poor management may either result into higher operational costs or permanent failure of the project to produce intended outcome. IFAD identified another important area for such a training aspect to include funding-management, production-pricing and marketing.

4.12 Project operational skills

Operational skills, however, involve necessary techniques required before and after the project has acquired a business production status - so as to make it economically viable. If management techniques are skilfully addressed then operational skills can help to check/limit the running costs. In other words, the latter may offer flexibility for minimising costs or maximising profits. For instance, management costs can be higher (i.e. as limiting factor) at the early stages of investing into the project, and at the later stages it may even-out, but this would still depend on the flexibility of operational techniques.

Operational techniques/skills therefore, include knowledge about the available standard and cheaper methods that are supposed to be used in operating particular

projects. This involves the acquiring of more knowledge about various systems of operations that apply in running similar projects elsewhere. The necessary basic knowledge includes elementary bookkeeping, simple documentation of records, simple performance ratios - (so as to assess associations of inputs against outputs, or determine the existing relationships between them etc). Profitable operation of women's IGAs calls for training in both types of skills before recipients receive their loans. Lack of operational skills may also lead to poor identification of profitable lines. This has been evident in Cameroon where women groups desired to seek expert to detect business lines for the profitable choices (Forje, 1998).

During this present study, respondents were asked whether they still needed any more training irrespective of any prior training before receiving loans. Table 4.11 presents various responses from both urban and rural areas on the need for more training.

Table 4.11 The need for more training after receiving loans (N = 112)

Demand level	Number	Percent
very much	56	50.0
at least some more	6	5.4
not much	6	5.4
not at all	41	36.6
Other	3	2.5
Total	112	100.0

Source: Research data, 1999

About 2.5% of respondents said that they were too old for training even if it is helpful to run the project. More than half (60.8%), responded positively towards more training. Half of the respondents (50.0%) showed a high demand for training, and, more than a third (36.6%) responded negatively about getting more training after they have received loans.

However, it is important to note that about three fifths (57.1%) of the high demanding group were from the rural area, and a greater percentage of this group (93.8%) got oxen-plough loans for agricultural farming from CDTF (Sect. 4.1).

4.12.1 Reasons for training

There were two main reasons for the greater demand to train. First, respondents expressed the intention to know the new methods and innovations that are currently adopted in using oxen-ploughs for agricultural farming activities. The need for adopting new techniques may lead to reducing labour and operational costs, and therefore, lead to total improvement in production costs which was one of the incentives for more training.

Secondly, there was a need for beneficiaries to know other new devices and medicines that are currently in use to treat their livestock, or protect them (oxen-bulls/dairy cattle), from contracting different diseases they are used to know. This reason was paramount because livestock are often prone to diseases, and thus, make this type of projects more risky than others.

4.13 Other investments after starting the project

A large number of respondents reported to have no profits that would enable them to start other new ventures apart from the started ones.

Table 4.13 Investments after starting projects (N = 121)

Response	Urban & Rural (N = 121)		Urban (n = 77)		Rural (n = 44)	
	Number	Percent	Number	Percent	Number	Percent
Yes	15	12.4	9	11.7	6	13.6
No	96	79.3	64	83.1	32	72.7
Other	10	8.3	4	5.2	6	13.6
Total	121	100.0	77	100.0	44	100.0

Source: Research data, 1999

Table 4.13 indicates that about four fifths, (79.3%), of the interviewed persons responded “no” for possessing other investments. Over a tenth of respondents, (12.4%), said that they started investments after loan projects. Majority of this group, (9 out of 15), came from the urban area. The remaining number (40%), was from rural areas.

However, it was revealed that not many have other new investments. About 8.3% of the respondents reported to have started the new investments by using 'other' sources of capital besides profits from the loan. In the urban area a greater percentage, (83.1%), had no other investments, whereas in rural areas the percentage was a little less than three-quarters, i.e. 72.7%. It means that a bigger number of respondents in the rural areas had other investments made as a result of credit loan than those in urban areas. But also, it can be concluded that at the time of study, there was a bigger

percentage of income generating strategies amongst rural women than the majority in the urban area.

4.14 Other sources of income

Apart from the income generated by the loan projects, other respondents reported to have other sources. Table 4.14 presents percentages for respondents 'with' and "without" other sources of income at the time of the study. The column for urban and rural areas indicates the overall responses from those areas. The reason for this question however, was to observe the nature and generative capability of the started loan projects. The conclusion for the required analysis would largely depend on the extent of support that other sources contributed to the process of loan repayment.

Table 4.14 Alternative sources for more income (N = 121)

Response	Urban & Rural (121)		Urban (77)		Rural (44)	
	Number	Percent	Number	Percent	Number	Percent
Yes	28	23.1	18	23.4	10	22.7
No	62	51.2	58	75.3	4	9.1
Other	31	25.6	1	1.3	30	68.2
Total	121	100.0	77	100.0	44	100.0

Source: Research data, 1999

Figures in Table 4.14 show that (23.1%) have other sources of income in both urban and rural areas. This percent was more or less equivalent to each individual case, that is, Urban (23.4%), and Rural (22.7%).

However, the comparison of figures in Table 4.14 with those in Sect. 4.9 (i.e. Tables 4.9 and 4.9a) one would suggest that:

1. At the time of this study 22.7% rural respondents reported to have other alternative sources of income, and their projects started before receiving loans;
2. Although half of respondents (49.4%) in urban areas started projects before the loans, less than half of this percentage (23.4%) reported to have other alternative sources of income at the time of the study, - the remaining depended solely on credit loans;
3. About two fifths (38.9%) of the whole sample started projects before the loans, but slightly more than a fifth, (23.1%), had other source of income at the time of study.

But, the above inferences have different backgrounds. For example, in the rural areas the ten women who reported to have other sources of income were either government employees, or married to well-off husbands. Employed respondents included one secondary school teacher, six primary school teachers, one extension worker, and a nurse at a rural health centre. Employment was their other alternative source of income before and after receiving the loans.

Before the loans, each of these employees had one of the following micro-projects, namely: tailoring, poultry, timber selling, and cereal selling. The received loan

therefore, was used to impact on some potential growth into these projects. The need for operating those micro-projects was not the same as that of their counterpart respondents who reported 'no', or faced 'other' situation as indicated in the table. About 9.1% of rural interviewees had no sources of income other than the loan project. Over two thirds (68.2%), reported to receive income support from husbands in case the projects were not supportive enough. Unlike the former employed group of respondents, projects for the latter two groups were meant for survival because owners had little or no other alternative for more income.

Since project owners in the case of the latter group could hardly meet all basic needs, projects were deemed as one of the strategies for earning the livelihood. These projects therefore, were 'poverty-alleviation' oriented. Citing the argument advanced by Catter (1996), it can be concluded that micro-projects that were started by employed women and the married to well off husbands, were not for poverty alleviation *per se*. Rather, they were for subsidising owner's income. Catter argues that under the umbrella of "enterprise promotion" came two very different types of projects namely, those dealing with survival-oriented "poverty alleviation" micro-enterprises, and those helping small business with potential for growth. That, since the projects have different objectives, a clear distinction should be made between the two groups, and that their expected impacts are non-identical. Catter states that donors who are willing to support them have different expectations.

On the part of urban respondents, about three-quarters (75.3%), had no other sources of income other than the loan projects. The remaining percentage had sources. The

need for other sources of income in both urban and rural areas is the same, except that in the former the employed husbands try to look for more income alternatives for their non-employed wives or partners.

Generally, it suffices to say that owners of projects that started before credit loans, had accessibility of capital. These projects, however, were not for poverty alleviation but rather for maintaining potential economic growth in both urban and rural areas.

4.15 Changes in monthly income

One of the major assumptions held by donors behind women micro-credit schemes for IGAs is the idea that loans can improve income from these projects. This donor expectation, however, is premised on the assumption that changes in all factors (e.g. price, inflation etc), that contribute to changes in income will not take place. In practice this is not the case. Prices will often change, and so will other factors. The studied sample in Shinyanga revealed that changes in other factors that contribute to monthly income have often led various project operations to contradictory results.

The figures in Table 4.15 show that about 110 (90.9%), of the sample reported varied situations of project outcomes. The number excludes 11 respondents (9.1%) with immature projects at the time of the study (Table 4.15a). These have shown a better growth potential for the future progress. They included nine dairy cows, one dairy goat, and one oxen plough farming. It is expected that, if all projects in Table 4.15a were successful then the percentage of better projects in Table 4.15 would increase from 53.7% to three fifths (62.8%). The number of progressive projects that received

loan from AGPR would also increase from 13.8% to a quarter (i.e. 25.0%) (Sect 4.15.7) of the better projects in the sampled population.

Table 4.15 Changes in monthly income (N = 121)

Response	Frequency	Percent
Big amount	65	53.7
Little amount	14	11.6
No changes	9	7.4
Not easy to know	6	4.9
Not yet to produce	11	9.1
There is loss	2	1.7
Project closed	6	4.9
Other	8	6.6
Total	121	100.0

Source: Research data, 1999

4.15.7 Big changes on monthly income

Figures in Table 4.15 show that more than half of the sample (53.7%) reported to have received big monthly income after using loans to operate their projects. The percentage, however, included respondents that reported to have better project performance.

Table 4.15a: Immature projects (n = 11)

Respondent's Agency	Project			Total (%)
	Oxen-Plough farming	Dairy Cow	Dairy Goat	
CDTF	1	-	-	1 (9.1)
AGPR	-	9	1	10 (90.9)
Total (%)	1 (9.1)	9 (81.8)	1 (9.1)	11 (100.0)

Source: Research data, 1999

The criterion for assessing better performance involved the process of finding out whether the project was generating the minimum monthly income of Tshs. 5 740.00 which was enough for monthly survival, i.e. the poverty line income (Sect 2.2.1). Respondents were required to mention the value of their savings, and/or the assets bought from profit earnings of the project. The mentioned value was treated on monthly average basis then added to the net monthly income - (by considering the period the assets were bought). The total amount was the net value of beneficiary's monthly income from the project. Credit was considered to have positive effect on income if this amount would be greater than the previous income of the respondent irrespective of the poverty line. But successful projects were those reported to generate income beyond the monthly poverty line.

Table 4.16 Big monthly income: Agency – Clientele distribution (n = 65)

Agency	Number	Percent
PRIDE	28	43.1
CDTF	12	18.5
AGPR	9	13.8
WDFR	7	10.8
WDFU	6	9.2
OXFAM	2	3.1
SIDO	1	1.5
Total	65	100.0

Source: Research data, 1999

Figures in Table 4.16 present both the percentage of the agency's contribution, and structure of respondent frequencies in respect of the projects that were reported to perform better. The tables indicate that PRIDE issued loans to many sample respondents (43.1%). These were able to get big monthly income.

About 18.5% of big monthly income projects received loans from CDTF, and 15.4% of this group operated oxen-plough farming. It was the second highest for projects generating big monthly income. The AGPR agency gave loan to 13.8% of respondents that reported to earn big monthly income and all recipients operated dairy-cow projects.

4.16 Lesser marginal profits

The fact that majority of women IGAs support household budgets implies that projects are not given enough time to build-up capacity for stronger financial base. About eight out of ten (80.2%) subscribe to this experience. It was reported that the projects begin to

support household budgets soon as they start to generate income. Beneficiaries expect the supportive role to continue throughout the projects' lifetime. To some greater extent, this trend reduces the beneficiaries' saving capacity for future project sustainability. This factor is considered as one of the contributing elements for the less marginal savings, and ultimate declining trend of some micro-projects in the study area.

Principally, the concept of product life cycle states that when the (new) product is introduced to the market for the first time, sales normally grow slowly because not all possible consumers rush to buy a product at this stage (Beckowitz *et al*, 1989). In essence, however, this is a diffusion stage of the product and therefore, it is only the innovators and early adopters who will buy. Other consumers buy after they have seen their counterparts with the item. Generally speaking, profits are likely to be too little at the beginning though the price may or may not be high. The implication of this point in relation to the new products of women's IGAs in the study area is that, whether the produced products may or may not be competitive enough, they are unlikely to generate big profits at the early beginning when they are first introduced on the markets. The main reason is that sales will normally be low irrespective of price level(s). At this stage therefore, respective micro-projects cannot generate enough profits to support the households' budgets. These micro-projects are normally expected to generate bigger profits when they achieve the growth stage in that the sales tend to rise as more people try the product, and that there is a growing proportion of the repeat purchasers.

4.16.1. Overburden on loan repayment

Some policies and conditions in different credit agencies require immediate loan repayment. Such policies are not providing enough time for projects to become financially viable to meet repayment obligations. For example PRIDE attracts many customers to secure loan but conditions for repayment are too demanding to fulfil. Such conditions overburden respondents with lesser marginal profits (Sect. 4. 18.2.1), because they find themselves faced with two critical demands namely, supporting the household, and repaying the loan. These two concurrent demands overburden the poor customer whose income depends on the new project.

4.17 Credit performance on income

4.17.1 Averages for capital and income before and after the loan

Generally, the respondents in the sampled area had varied levels of capital before receiving loans. At the time of the study the average amount of that capital was Tshs. 18 366.94, and the average for both gross and net income were Tsh. 84 872.82 and Tsh. 33 309.89 respectively. This shows that, although credit loans have effected the enormous rise in the gross income after loans, the net income is still very low. Loan balances and associated interests contribute to this big gap.

4.17.2 Respondents' initial capital

Table 4.17 shows the distribution of respondents by various categories of capital before receiving loans for micro-projects. The figures indicate that more than half (53.7%) of the sample had no capital to start their projects, they just depended solely on the credit loans. However, a fifth (21.5%) of respondents had individual capital

that ranged between zero and Tsh. 15 000.00, whereas each of the remaining quarter (24.8%) had capital greater than this.

Table 4.17 Distribution of respondents by initial capital levels (N = 121)

Initial capital (TAS.)	Number	Percent
0	65	53.7
> 0 – 15000	26	21.5
> 15000 – 3000	7	5.8
> 30000 – 49650	6	4.9
> 49650 – 68880	7	5.8
> 68880	10	8.3
Total	121	100.0

Source: Research data, 1999

4.17.3 Current ratios and projects' performance on income in urban and rural

In theory the current ratio is one of the liquidity ratios. It measures the excess (or deficiency) of current assets compared to current liabilities. Traditionally, a level of 2:1 as current ratio is considered adequate in terms of project liquidity since current liabilities are expected to be paid from current assets (Simon, 1988). If the current ratio is too low the project may not be able to meet its debts as they fall due for payment in the next future.

The current ratio is therefore calculated as the current assets divided by the current liabilities of the project. In the present study the gross current ratio of the projects was calculated as the amount of net income divided by the sum of loan balances and the associated interests. A sustainable project (i.e. the likely to progress in future) is

expected to have (or keep) the ratio of 2:1, or above - as current ratio. According to this criterion, the study found that on average most of the projects in the rural area were more sustainable than the like or similar projects in the urban area. This observation is verified by the low average of current ratio amongst urban projects as indicated in table 4.17a.

Table 4.17a Current ratios and loan performance on income in urban and rural

Performance parameter	Average Rural (n=44)	Average Urban (n=77)	Significance
Average current ratio	7.2850	1.3310	P<0.05
Average gross income	Tsh. 116 333.80	Tsh. 66.096.87	P<0.05
Average net income	Tsh. 79 976.25	Tsh. 5 461.21	P<0.05
Average income > poverty line	Tsh. 4 224.48	Tsh. 38.07	P<0.05

Source: Research data, 1999

The results of T-test show that the overall performance of women micro-projects in the rural area was better than that of (similar or different) projects in urban area. Table 4.17a shows that at the time of the study the difference (in - average gross income, net income, current ratio and the income above poverty line) - between the two locations were statistically significant (P<0.05). In other words, credit loans were significantly more effective in the rural than the urban area, though in both cases positive net income would depict an improvement of projects' performance.

The average current ratio of the projects was also statistically significant (P<0.05) between locations. This implies that there was a better performance of projects in the rural areas.

Also, figures in the table show that beneficiaries in the urban area had little (extra) income above the poverty line - or monthly income of Tsh. 5 740.00 (HRD Survey, 1993: cited by Kawa and Ndyetabula). However, it can be argued that the better performance of rural projects depended much on the nature, size of the loan, and associated conditions (by the credit agencies) than the location. The reason is that, there were of projects in rural areas that were similar with others in the urban area, but in both cases projects were under different credit scheme agencies. The performance between similar projects has still shown a statistical difference ($P < 0.05$). With an exception of WDF that operates in both urban and rural districts, each of the studied credit agencies issued loan to single location. These agencies in rural areas had issued bigger amounts of loans than most of the urban operating agencies whose beneficiaries have reported low performing projects. These findings, however, suggest that apart from the nature of the projects themselves, their individual performances in the study area were also hampered by the small size of the issued loans.

4.17.4 Projects' performance by location and levels of current ratio

The criterion for assessing the projects' performance and their distribution in localities was based on the CR measure. Most of the projects that performed better were located in the rural areas.

Table 4.17b Distribution of respondents by location and projects' current ratios

Current ratio (CR)	Rural (n=44)		Urban (n=77)		Significance
	Number	Percent	Number	Percent	
≥ 2	24	54.5	27	35.1	P<0.05
< 2	20	45.5	50	64.9	
Total	44	100.0	77	100.0	

Source: Research data, 1999

Figures in Table 4.17b reflect another indication of superiority of the projects in rural areas, where the proportion of respondents whose projects had CR ≥ 2 was 54.5% while the proportion for the urban counterpart was only 35.1%. The distribution of the respondents by their projects' CR further shows that the proportion of projects with CR < 2 in urban areas was greater (64.9%) than that of rural areas (45.5%). However, the χ^2 test shows that statistically, there is a significant association (P<0.05) between future sustainability of the projects (in terms of current ratios), and the respondents' location (urban vs rural). This implies that rural projects were more viable and better placed for future sustainability than the urban ones.

4.17.5 Loan effect on beneficiaries' income

Table 4.17c presents the means for the gross and net income of respondents within different levels of initial capital. The initial capital is the amount of money possessed by each individual respondent before receiving loan. The net income, moreover, is

computed as gross income minus the sum of the loan balance and the interest. The loan effect on income is verified by the test of hypothesis in Sect.4.17.6

4.17.6 Testing the hypothesis

Generally, the study findings show that the difference (in mean income) between different levels of initial capital was not statistically significant ($P>0.05$), although in absolute terms there was an observable variation. However, a T-test (Table 4.17c) between different pairs of initial capital has indicated three major statistical inferences between categories. First, the gross and net income of respondents with zero initial capital were statistically ($P<0.05$) greater than that of respondents with capital ranging between zero and Tsh. 15000.00 each. Second, the difference between gross income means of respondents with initial capital ranging between Tsh. 49 650.00 and Tsh. 68 880.00 was statistically ($P<0.05$) different. Third, the comparison between means of the remaining levels has shown “no” more statistical difference ($P>0.05$).

Table 4.17c Mean income of respondents against initial capital

Dependent variable	Initial capital (Tsh.)	Mean income after loan (Tsh.)
1. gross income	0	114 976.00 ^a
	> 0 - 15000	42 989.84 ^b
	> 15000 - 3000	43 571.42 ^{ab}
	> 3000 - 49650	112 250.00 ^{ab}
	> 49650 - 68880	37 000.00 ^b
	> 68880	106 866.70 ^{ab}
2. net income	0	59 009.20 ^a
	> 0 - 15000	17 929.41 ^b
	> 15000 - 3000	4 728.57 ^{ab}
	> 3000 - 49650	36 025.00 ^{ab}
	> 49650 - 68880	-10 100.00 ^{ab}
	> 68880	6 711.66 ^{ab}

Source: Research data, 1999

^{a,b} All means that bear different superscripts in the same column of the same dependent variable are significantly different ($P < 0.05$).

The presented findings in the above table have the following three implications. First, the performance of projects that possessed zero initial capital (by their owners) was better than that of other projects. Beneficiaries ran them with utmost care and greater input to generate expected income, otherwise they had no other alternative to cover the loan repayment in case the projects would fail. In other words, projects in this category were genuinely designed to alleviate poverty at the grassroots.

Secondly, most of the successful beneficiaries were issued loans by CDTF (for oxen plough farming) and AGPR (for dairy cattle projects). Despite the big value of the loans issued by CDTF and AGPR to each individual, credit conditions in these agencies are flexible and cheaper enough to be afforded by the targeted applicants

(Sect.4.1.1.2 and 4.1.4.2). For example it is not necessary for applicants to possess initial capital before receiving the loan, though is necessary for them to prepare adaptable environment for the types of projects they need to start. For instance in this case, husbands and the family labour at large assist women to prepare the necessary infrastructure for starting dairy cow projects.

Thirdly, the economic nature of the project is another factor. For example, given the better climatic conditions and proper farm management, agricultural projects may yield more than other non-agricultural projects. Likewise, the application of better management and operational skills enables dairy projects to produce more milk that may generate more income.

During the study, it was reported that the weather conditions for farming season in the eastern part of Kishapu division were better in the previous year. Thus, the oxen plough farming projects that were supported by CDTF for the loan (in Mwamalasa ward), produced high yields that generated bigger income. In the urban area, however, loan beneficiaries with mature dairy cow projects were receiving bigger income per month because they had previously trained on how to keep dairy cows before receiving loans for the high yielding breeds - loan animals were all of Fresian origin.

Although some of the projects were not performing better at the time of the study, the present findings from sampled area provide the basis for the rejection of the null hypothesis (H_0) that: “women credit schemes in Shinyanga region have no effect on beneficiaries income”. The study results suggest that findings are consistent with the

operational hypothesis (H_A) that “credit results from women income generating activities in Shinyanga are consistent with expected outcome”.

4.18 Future plans after loan repayment

At the time of this study, respondents were interviewed about their future plans after they had repaid their loans.

Table 4.18 Future plan after loan repayment (N = 121)

Response	Number	Percent
Expansion and more loan	27	22.3
More loan	44	36.3
Maintain income	25	20.7
Change project	12	9.9
Close down project	6	5.0
Not planned yet	4	3.3
Other options	3	2.5
Total	121	100.0

Source: Research data, 1999

Table 4.18 shows various responses on future plans (options) amongst the studied sample respondents. About a fifth (20.7%) planned to maintain the achieved better-off levels of income from the operated projects. The implication of this is that respondents have planned to continue operating their projects successfully (on their own) without asking for more credit loan.

However, Table 4.18a shows that majority (20.7%) of respondents, who reported to have planned to maintain better income (11/25, or 44.0%) received loans from CDTF, and, a fifth of them (5/25 or 20.0%) got loan from AGPR. Respondents said that they were able and determined to repay their loans in time. That, if were successful would maintain their income levels without applying for more loans.

Table 4.18a Respondent's future plan and loan agencies (N = 121)

Option	PRIDE	CDTF	WDFU	WDFR	SIDO	OXFM	AGPR	Total (%)
Expn.and loan	1	6	6	1	-	-	13	27 (22.3)
More loan	26	6	2	6	1	2	1	44 (36.3)
Maint. income.	-	11	2	1	3	3	5	25 (20.7)
Change project	-	3	9	-	-	-	-	12 (9.9)
Close project	-	3	2	1	-	-	-	6 (5.0)
Not planned yet	-	-	2	-	2	-	-	4 (3.3)
Other options	1	1	1	-	-	-	-	3 (2.5)
Total (%)	28(23.1)	30(24.8)	24(19.8)	9(7.4)	6(5.0)	5(4.1)	19(15.7)	121(100.0)

Source: Research data, 1999

The above two cited cases for credit agencies imply that - policies and loan conditions of both agencies are better than those of PRIDE and WDF (Urban and

Rural). The loan conditions for CDTF and AGPR offer immediate economic development and income growth - when the project starts to acquire the status of growth. If the generated income is properly managed and better utilised, then the beneficiary is at least sure of reducing poverty. The researcher's expectation was that the next future owners of those few projects would be free from loan dependence. But, this is a small percentage if compared with the remaining four fifths.

The study, however, reveals that PRIDE maintains a different loan policy from the other two agencies mentioned above. Loan conditions make recipients keep on applying for more loans. Table 4.18a indicates that PRIDE respondents tend to be more of loan dependants to maintain projects than any other agencies. This situation has different implications. Sometimes it may imply that once the loan facility is not ensured then the development of the project is uncertain. During the study there was no PRIDE respondent who reported to "maintain income" without applying for more credit loan (in future) after have finished repayment. Instead, about nine out of ten, (26/28 or 92.9%) of loan recipients with PRIDE were planning to get more loan after finishing their repayments. It was difficult to know exactly when these recipients would rid themselves from borrowing and consider themselves as free and independent from loan pressure.

4.19 Expected project lifetime after loan repayment

Table 4.19 indicates that about three quarters (75.2%), of respondents wanted their projects to survive for more than eight years after they have repaid their loans. The study noted that the time before completing repayment, recipients found themselves

overwhelmed by debt obligation. Other recipients are bound to be disowned projects in case of default. For this reason, repayment efforts are directed toward obtaining full ownership of the project assets by finishing the repayment. In order to achieve this the huge investment expenditure in terms of time, money, and other resources are involved in the shortest possible time. Thus, after loan repayment nobody is prepared to abandon the project within a year or two before recovering the cost incurred for that investment.

Table 4.19 Project lifetime after loan repayment

Respondent's project Life (x =yr)	Urban (n = 77)		Rural (44 =)		Urban & Rural (N = 121)	
	Number	Percent	Number	Percent	Number	Percent
1 < x ≤ 2	-	-	1	2.3	1	0.8
2 < x ≤ 5	-	-	2	4.5	2	1.7
5 < x ≤ 8	20	26.0	-	-	20	16.5
x > 8	53	68.8	38	86.4	91	75.2
Other	4	5.2	3	6.8	7	5.8
Total	77	100.0	44	100.0	121	100.0

Source: Research data, 1999

The table indicates that 5.8% of the sample was “other” category of lifetime. Respondents in this group have either closed, or changed the projects.

In the case of urban recipients about 5.2% did not say anything about project future lifetime. Two of the respondents had their projects closed, one for “piggery” and the

other for “selling timbers”. The third one wanted no more loans after a big failure in “kiosk” project, and the fourth one would like to close the project after full repayment of this loan because her husband expected transfer anytime.

Generally speaking, after loan repayment the owners of projects prefer to maintain them longer than five years so as to compensate for the borne costs. Apart from the types of projects undertaken, most of respondents considered the length of project lifetime (after loan repayment) as a determining factor for reasonable savings. About 68.8% and 86.4% of respondents in urban and rural areas respectively preferred to have their projects survive for more than eight years.

4.20 Keeping records for projects

Apart from having original application documents for project funding and other related receipts that were reported by 114 (94.2%), of the respondents, there were very few other necessary records kept and maintained by the sample respondents. During the study none of the respondents reported any more of existing records for their projects they were running. Table 4.20 shows the available reported records for the projects of respondents at the time of the study.

Table 4.20 Reported projects' records

Available/Unavailable Records	Urban & Rural		Urban		Rural	
	No.	Perct.	No.	Perct.	No.	Perct.
Available records: cash-flow-chart & bus. sales.	1	0.8	-	-	1	2.7
Unavailable records: cash-flow-chart & bus. sales, bus. cash book, & bank-savings book.	69	57.0	36	46.7	33	75.0
Available records: production & sales records only.	11	9.1	11	14.3	-	-
Available records: bank-savings book only.	33	27.3	25	32.5	8	18.1
None of the records available.	7	5.8	5	6.5	2	4.5
Total	121	100.0	77	100.0	44	100.0

Source: Research data, 1999

About 57.0% of the sample in both urban and rural reported to have no cash-flow-charts (or sales records), cash books, and bank savings books. They only possessed original application copies and receipt documents for project funding. Out of 121 respondents, only one (0.8%) could show the cash-flow-chart for the business trends. Lack of records exemplifies the poor and haphazard way of doing any form of economic business.

CHAPTER FIVE

5.0 CONCLUSION AND RECOMMENDATIONS

This chapter makes a conclusion about all major findings that are revealed by the study. In addition it underlines four main recommendations as basic comments for the major findings.

5.1 Conclusion

The study arrived at the following parts of conclusion:

1. Credit scheme agencies in the sampled area share many differences that base on both organisational objectives and associated credit policies. The existing differences influence the current adopted models, and the funding criteria among the existing credit agencies.
2. The commercial oriented schemes like PRIDE are specifically motivated by the generation of high profits other than alleviating poverty amongst the poor. This tendency is reflected in the overall design of respective credit policies. The dominant features of such a credit scheme include targeting for all applicants who need loan, charging comparatively high interest rates, aspiring for quick returns on the loaned money, and issuing substantive amounts for the business.
3. The credit schemes that are tailored to poverty alleviation are specifically targeting the poor. Basically, the involved schemes assess the applicants'

efforts and requirements in order to support them fight better against poverty. Such schemes include CDTF and AGPR. These provide either productive assets or equipment and tools (materials), to beneficiaries who use them to generate income. Credit beneficiaries from these agencies have shown successful progress in both urban and rural areas.

4. There are two major categories of loan recipients that are identified by this study. One includes respondents with other sources of income in case their projects are not supportive enough. This category is smaller and it is comprised of beneficiaries who are either government employees in the civil service, or are married to well - off husbands. The other category includes respondents with no other source of income in case their projects fail. These can only ask support from their husbands or relatives in case of economic hardships. Most of the credit loans for the latter group were channelled into projects for poverty alleviation *per se*.
5. Women groups are not largely deemed as important by many beneficiaries who run their projects individually, but they simply join them as a matter of necessary condition to secure loans.
6. Beneficiaries with zero initial capital before receiving loans have better income from the projects than the counterpart group. The main implication of this is that apart from everybody's effort to get better credit results, these

beneficiaries were facilitated by credit agencies that are designed to serve the poor.

7. There is a positive net income in both urban and rural areas for both similar and different projects. But the assessment test shows that, on average, urban projects are not able to meet their debts as they fall due for repayment. The trend shows that sooner or later the projects may fail to sustain because they are inherently limited for growth. Therefore, they are unlikely to be sustainable in the near running future. The low performance of credit loans on income in the urban area is much associated with several factors. But the most critical ones include the nature and type of the operated projects (mostly non-farm activities); the small size of the issued loans (e.g. WDF issues very little amounts); and the credit conditions of the issuing agencies (e.g. PRIDE demands immediate repayments).
8. Introductory seminars for handling certain projects including ideas about the terms of loan repayments were reported by certain respondents from SIDO, CDTF, AGPR and PRIDE. But the performance has shown that training is still a missing link to do better. Lack of training therefore, in management and operational skills is one of the limiting factors for the more profitable operations of women's income generating activities in both urban and rural areas.

9. Almost all beneficiaries commit the small generated income from the micro-projects much earlier (i.e. as soon as they start to generate income) before the projects acquire the status of growth. This factor limits them from building up financial capacities for the better support of the household in the near future.
10. There is an apparent conflict between targeting the poor and the capability to repay loan. It is seemingly true that the two are potentially conflicting. This was evident in both schemes for urban and rural areas whose funds are administered through the government department (i.e. CDD for WDF) and the parastatal organisation (i.e. SIDO). These respective scheme agencies consider high repayment rates as indicator for the better scheme performance. Thus, credit officials are often inclined to select beneficiaries from new applicants who are slightly capable to repay.
11. Generally, the study has found out that despite the revealed failures in some of the projects that could not produce better results, most of the projects have shown positive effect on beneficiaries' income.

5.2 Recommendations

The following have been recommended:

1. Micro-credit scheme agencies are advised to conduct sensitising seminars, and where necessary to provide basic training on how project records are kept and for what reasons. The simple basic knowledge in elementary book keeping is necessarily essential.
2. Credit policies and the overall principles for PRIDE agency on micro-credit scheme in Shinyanga are replicated models of the Grameen system. The major difference is that in Shinyanga context the agency is commercially orientated and therefore, can provide very little opportunity for the applicants to rid off themselves from asking more loans after they have repaid the previous ones. The tendency creates subsistent loan dependants for survival in the long run. In order to avoid this consequence, the agency is recommended to modify/reform the nature of its credit conditions in relation to Tanzania micro-business context, so as to enable customers sooner or later, to stand on their own without asking for more loans.
3. One of the characteristics of any poverty alleviation programme policy is that it must be run in a cost effective and sufficient way. This means that it must satisfy the needs of the poor at the lowest cost, and must not cover non-targeted populations. Some credit schemes like WDF have to observe this principle in administering poverty alleviation programmes.

4. It is advisable that in order to enable projects to support better the households' needs, enough time should be granted for the projects to acquire growth. This may enable them build-up capacities to serve better the households at large before committing the little generated income on only consumption needs.

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LIST OF APPENDICES

Appendix 1

SOKOINE UNIVERSITY OF AGRICULTURE

DEVELOPMENT STUDIES INSTITUTE

BENEFICIARIES' QUESTIONNAIRE

THE EFFECT OF CREDIT ON INCOME : A CASE OF WOMEN'S MICRO-
PROJECTS FOR POVERTY ALLEVIATION IN SHINYANGA URBAN AND
RURAL DISTRICTS.

SECTION A: THE LOAN RELATED MATTER

1. Is there any person who had supported you to secure the loan for the project?
 Husband = 1 Other (specify) = 3
 Friend = 2 NA = 0 ()

2. Where did you get the loan from ?
 Name
 NA = 0 ()

3. Was there any collateral for the loan ?
 NA = 0 Yes = 1 No = 2
 ()
 Name Equivalent to Tshs.

4. When did you receive the loan ?
 Date Month Year
 NR = 1 DK = 2 Don't Remember Date = DRD = 3
 Don't Remember month = DRM = 4 NA = 0 ()

5. Had you received the loan as an individual (alone) or as a group?
 Alone (Go to Qn. 13) = 1 Group = 2 ()

6. How many are you in a group? Total number.....
 NA = 0 ()

7. How much money had you received individually as a loan ?
Tshs., NA = 0
()
8. Was it enough for your project requirements?
More than enough = 1 Enough = 2 Not enough = 3 ()
Other (specify) = 4
9. Suppose the group dissolves now or later are you able to get on yourself ?
Yes = 1 No = 2 Join family members = 3
Join other group = 4 Start new project = 5 ()
Other (specify) = 6

SECTION B: THE PROJECT RELATED MATTER

10. Please can you recall of the amount of capital you have had before receiving the loan? T.shs
Don't remember = DR = 1 NR = 2 NA = 0 ()
11. Is your previous money a part of the capital in this project?
Yes = 1 No = 2 Other (specify) = 3 NA = 0 ()
12. Did your project start before or after receiving the loan?
After = 1 Before = 2 Other (specify) = 3 ()
13. Did you get any practical orientation or basic training before starting this project?
Yes = 1 No = 2 Little = 3 Other (specify) = 4 ()
14. For how much would you still need it ?
Very much = 1 At least some more = 2 Not much = 3 Not at all = 4
Other (specify) = 5 ()
15. How much income has your project created so far if you would add together your bank deposit and the cash at hand ?
T.shs. ()
NA = 0
16. How big is the remaining amount of loan to be paid back plus the interest rate?
Loan: T.shs Interest: T.shs Total Tshs.....
NA = 0 ()

17. Have you tried alone or with anybody to invest into another different mini-project elsewhere since you began this one?
 Yes = 1 No = 2 No money = 3 Other (specify) = 4
 Value in T.shs. ()
18. Apart from this project, have you any other source (or investment) that may be giving you some more income?
 Yes = 1 No = 2 Other (specify) = 3
 NA = 0 ()
19. Please can you tell me of the value of assets you have bought or acquired so far out of the project income?
 T.shs. NA = 0 ()
20. If you may recall of your monthly income before running this project, how much has it changed to the average?
 Before: Tshs. After: Tshs. Difference
 Tsh..... NA = 0 ()
21. After finishing loan repayment, have you any other future plans about the project?
 Yes = 1 No = 2 expansion = 3 More loan = 4 Maintain income = 5
 Close down = 6 NR = 7 Other (specify) = 8
 NA = 0 ()
22. For how long would you expect your business to survive after paying back the loan?
 < 1 yr, = 1 1-2 yrs = 2 2-5 yrs = 3 5 - 8 yrs. = 4 Over 8 yrs = 5
 DK = 6 NA = 0 NR = 6 ()
23. In what ways does your husband/partner benefit from your project?
 Borrows money = 1 Household budget = 2 No way = 3
 Other (specify) = 4 NA = 0 ()
24. How does the local environment and the general infrastructure contribute to your project?
 Local inputs = 1 Transport = 2 Market demand = 3
 Financial agencies = 4 All above = 5 Business limitation = 6
 Nothing = 7 NA = 0 Other (specify) = 8
 ()

25. Please can we see any of your important project records and the cash flow chart?

Yes = 1

No = 2

Not available = 3

NR = 4

()

Other (specify) = 5

Thank you for your good co-operation.

Appendix 2

SOKOINE UNIVERSITY OF AGRICULTURE

DEVELOPMENT STUDIES INSTITUTE

CREDIT OFFICIALS' QUESTIONNAIRE

THE EFFECT OF CREDIT ON INCOME : A CASE OF WOMEN'S MICRO-PROJECTS FOR POVERTY ALLEVIATION IN SHINYANGA URBAN AND RURAL DISTRICTS.

SECTION A: RESPONDENT'S TITLE

1. Please may I know your official title.
Designation ()
NA = 0
2. How long have you been with this office at this title? years.
(For public institution Go to Qn. 4) ()

SECTION B: CREDIT SCHEME ISSUES

3. When had your agency started the scheme for women credit?
Date Month Year ()
DK = 1 No available records = NAR = 2 Other (specify) = 3
4. When did your office start to offer credit for women economic projects?
Date Month Year ()
DK = 1 NAR = 2 Other (specify) = 3

5. Please can we know the amount of the advanced loan and the total number of beneficiaries in the Rural and Shinyanga Urban districts so far?

Amount Tshs. Total beneficiaries

NA = 0 ()

6. To what extent has the scheme succeeded in these two districts so far?

Excellent = or > 75%

Very good = 70% - 74%

Good = 60% - 69% ()

Fair = 50% - 59%

Failure < 50%

NA = 0 Other (specify) = 1

7. On what factor is this range of ratio based?

Loan repayment = 1

Improved income = 2

All total beneficiaries = 3 ()

Beneficiaries' growth records = 4

Current loan holders = 5

Other (specify) = 6

8. How long will the scheme take?

Period(years) ()

NA = 0

9. Is there any involved action or penalty for these failing to repay their loans in time?

Yes = 1 No = 2 Other (specify) = 3 ()

10. Please can we briefly see and discuss your credit model and available scheme records?

Yes = 1 No = 2

Not available = 3 ()

Other (specify) = 4

Thank you for your good co-operation.