

**THE CHALLENGES FACING MICROFINANCE INSTITUTIONS IN
SUPPORTING ENTREPRENEURSHIP IN TANZANIA
CASE STUDY OF MOMBO TALANTA SACCOS IN KOROGWE DISTRICT**

BY

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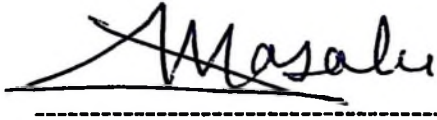
ABSTRACT

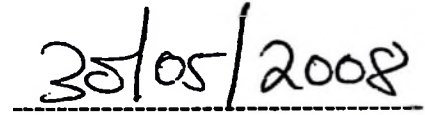
Financial institutions play an important role in Tanzania's economic progress. Failure of financial institutions, particularly insufficient or ineffective institutions result in high transaction costs limiting poor people's accesses to formal financial services. This research paper discusses the importance of SACCOS in mobilising savings and credit through providing low-income people with financial services in Tanzania. The main purpose of this study is to find out weather savings and credit cooperative societies face problems in supporting the growing entrepreneurial activities in respective areas of the country. This is done by analysing the Mombo T SACCOS as a case study. Results obtained show a number of challenges which need to be addressed these include: Weak sources of income for the organization, poor loan repayment, lack of effective strategic planning skills, lack of entrepreneurial skills among SACCOS stake holders, increased competition, poor remuneration of employees, lack of adequate capacity to assess and manage risks, increased loan demand, poor accessibility of cooperative services from the district level, failure in supporting the small entrepreneurs, use of traditional technology in daily activities, lack of publicity programme on the firm's activities, lack of research on customer wants/services, and lack of external auditing. To improve performance of Mombo T SACCOS the following are recommendations of the study; use of Strategic management which applies effective strategic planning as the best alternative, putting in place an effective information system to facilitate decision making, putting efforts in place to sensitize members and the general public on SACCOS benefits, facing up the challenges of providing innovative products and services; strengthening capital

and loan base; provision of key knowledge /skills to leaders and staff to modernize their activities; encourage use of better loan appraisal and follow-up methods, introduce use of corporate and other planning tools.

DECLARATION

I, **Marcel Salum Misungwi Masalu**, do here by declare to the senate of Sokoine University of Agriculture that, this case study is my own original work and has not been submitted for higher degree award in any other University.






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The above declaration is confirmed





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Date

(Supervisor)

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Finally but not least, word of thanks goes to both SACCOS board members and members and non-members interviewed in Korogwe district for their willingness to spare their time to share with me information and data on their operations.

DEDICATION

I dedicate this work to the almighty God the creator –Thanks lord.

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LIST OF ABBREVIATIONS

ADP:	Area development programme
BEST:	Business Environment Strengthening in Tanzania
BOT:	Bank of Tanzania
CDBOs:	Community development based organizations
CRDB:	CRDB bank ltd
CRMP:	Cooperatives reform and Modernization programme
DID:	Development International Desjardins
IMF:	International monetary fund
MFI:	Micro-finance institution
MOF:	Ministry of finance
MOU:	Memorandum of understanding
MUCCosBS:	Moshi University Collage of Cooperative and Business Studies
NMB:	National micro finance bank
PFCMP:	Professional financial cooperatives management program
ROSCA:	Rotating savings and credit association
SACCOS:	Savings and credit cooperative societies
SCCULT:	Savings and credit cooperatives union league of Tanzania
SEDA:	Small enterprise development agency
Tshs:	Tanzanian shillings
WOCCU:	World council of credit unions

1.0. Introduction

1.1. Meaning and importance of SACCCOS

Microfinance institutions (MFIs) are organizations that provide small loans to small entrepreneurs who lack the credentials and collaterals demanded by banks (Salay, 2006). Today Microfinance institutions (MFIs) are the main source of financial services to economically active poor individuals (Salay, 2006). The financial services include; savings, credit and insurance. Apart from financial services some MFIs provide some social services such as group formation and training on investment skills and group management (Salay, 2006).

SACCOS as MFIs is a financial enterprise controlled by an association of persons (PFCMP *et al.*, 2005). SACCOS are more supportive and friendly to poor ordinary people who are ignored by the commercial financial institutions (Banks) because they appear to be the only institutions capable of offering effectively financial and social intermediation services such as training, group formation, cooperative learning and enterprise development (PFCMP *et al.*, 2005).

Also MFIs loan cycles are usually shorter than the traditional commercial loans generally ranging from six months to a year with payments plus interest, done weekly. The shorter loan cycles and weekly payments help borrowers stay current and not become over whelmed by large payments (Evanston, 2005).

Another important role of microfinance institutions is its impact to clients in income generations. Clients use loans to establish micro businesses or fund on going micro businesses for poverty reduction (Noponen, 2003).

1.2. History of the SACCOSs in the world

The first generation of the pioneers of modern cooperation emerged in European industrial cities of the 19th century (PFCMP *et al.*, 2005). Second generation of pioneers of modern cooperation emerged, not in cities, but in certain European rural environment in the late 19th century, beginning in the 1860s, these pioneers invented a model of agricultural cooperative and savings and credit cooperatives (inspired by the success of the consumer cooperative formula in Great Britain and based on old traditions of rural solidarity). These new types of cooperatives were created first and fore most to meet particular economic needs those were not met in the rural areas as follows:

- Agricultural cooperatives enabled families of farmers and live stock raisers to organize on their products and no longer depend on merchants and businessmen in the cities.
- The SACCOSs enabled them to no longer depend on money lenders (usurers) and to find the credit necessary to modernize their agricultural operations (PFCMP *et al.*, 2005).

1.2.1. Emergency of modern cooperatives in Africa countries

The models of modern cooperatives in African countries occurred in two phases with very different characteristics:

- The first colonial stage during which the model was imported;
- The second post-colonial phase of adaptation or Africanisation of the cooperative model.

The first true experiences in the area of savings and credit cooperatives in sub-Saharan African were to a large degree the work of foreign missionaries (PFCMP *et al.*, 2005). These initiatives were supported subsequently by the governments of respective countries. The first savings and credit cooperatives emerged in the English-speaking countries, primarily in Tanzania (1938), Uganda (1946), Nigeria (1951-1953), Ghana (1955), and Kenya saw the birth of its SACCOS in 1964. In short, the emergency of SACCOS was achieved in the other English speaking countries before taking root in the French-speaking regions of Africa (PFCMP *et al.*, 2005).

1.2.2. Current situation of the savings and credit cooperatives in the world

Statistics on savings and credit cooperatives show that millions of persons are members of savings and credit cooperatives or credit unions in all continents (PFCMP *et al.*, 2005). That is in 1998 for example nearly 300 millions persons were members of the 216,600 savings and credit cooperatives through out the world.

In Africa there are more than 260,000 basic institutions that bring together 10 million members (PFCMP *et al.*, 2005). For instance in early 2001, in Canada there were more than 3600 service points which brought together 10millions persons

(PFCMP *et al.*, 2005). The comparative data on SACCOS compiled by world council of credit unions (WOCCU) for 91 countries as at 31st December 2004 show that there were 15,593; 9,793 and 7,856 credit unions in Asia, North America and Africa respectively (Annex 2). The statistics also show that credit unions in North America have 90,218,954 members compared to only 7,162,689 members in Africa with a total of deposits worth US\$ 629,643,743,188 against a total savings of only US\$ 1,872,601,316 in Africa (Annex 1). This is an indicator that the well developed countries are highly utilizing the savings and credit organizations (SACCOS) to mobilize funds from the societies in order to finance different socio-economic activities of the community (PFCMP *et al.*, 2005).

1.3. Historical perspective of SACCOS in Tanzania

Current literature shows that in Tanzania the first SACCOS was established in Moshi town by the Ismailia group in 1938. From there the Catholic Church picked the idea when the late cardinal Laurean Rugambwa (then a bishop) visited Michigan credit unions in USA in the late 1950s to learn more about SACCOS, other two priests who were trained in USA and then in Canada in 1962, one among them later became the first president of the Savings and credit cooperatives union league of Tanganyika (SCCULT) (PFCMP *et al.*, 2005).

From this humble beginning, SACCOS then moved from being organised and promoted by religious organizations to become secular organizations (Dublin *et al.*, 1983), the savings and credit union league of Tanzania (SCCULT) was registered in 1964 and Tanzania was the first country in Africa to have a national association of

credit unions (PFCMP *et al.*, 2005). Currently, savings and credit co-operatives societies are gaining popularity not only in Tanzania but world wide, reaching many poor people both in rural and urban areas (SCCULT, 2006).

In Tanzania only 0.7 per cent of the population are SACCOS members, 7 per cent of Kenyans are SACCOS members while far away, 80 per cent of Canadians are SACCOS members. Though Canadians are richer than Tanzanians yet they use SACCOS, this depicts a need for Tanzanians to be made more aware about benefits from SACCOS [<http://www.ippmedia.com/ipp/guardian/2005/11/04.html>] site visited on 14 /2/ 2008.

The subsequent support on SACCOS by Tanzanian government has been the provision of some reforms on financial sector and in the savings and cooperative sector so as to improve the efficiency of the MFIs and make them accessible to many (CRMP, 2000).

1.3.1. Financial sector reforms

The government of Tanzania has for the past several years been engaged in far reaching economic, political and social reform programmes, with focus on broadening the role of the market forces in the economy, strengthening human rights within the framework of a liberal constitutional order, and promoting democracy and good governance.

The core of these reforms is to create an enabling environment for private economic activities and enhancing the rate of the private sector growth (MoF, 2000). By the year 1991, the government of the united republic of Tanzania initiated financial reforms in order to create an effective and efficient financial system. The main objective was to allow banking institutions to operate on a commercial basis, making business and management decisions free from government intervention but within the norms of the prudential supervision. The principle element of the financial reforms includes, liberalization of interest rate, strengthening the bank of Tanzania's role in regulating and supervising financial institutions, restructuring of state owned financial institutions and allowing the entry of private banks (both local and foreign). These reforms were embodied in banking and financial Act, 1991 (Wangwe *et al.*, 2004).

Reforms have also been done in savings and cooperative sector from union level to a society level following the new Cooperative Development Policy of 2002, new cooperative Act of 2003 and its regulations in 2004.

The general vision of the new cooperative policy is to finally have: "improved and sustainable cooperatives that are capable of fulfilling members' economic and social needs". In the process of strengthening SACCOS, it is important that they either become linked to professional financial institutions and or to the local government managements of which all these can provide technical and material assistance (United Republic of Tanzania, 2001).

1.3.2. Key principles of microfinance

For microfinance institutions to succeed they should follow the principles indicated below (Masawe, 2001).

1. Poor people need a variety of financial services, not just loans;
2. Microfinance is a powerful tool to fight poverty;
3. Microfinance means building financial systems that the services that serve the poor;
4. Microfinance can pay for itself, and must do so if it is to reach very large members of poor people;
5. Microfinance is about building permanent local financial institutions;
6. Micro credit is always the answer and is not the best tool for every one or every situation;
7. Interest rate ceilings hurt poor people by making it harder for them to get credit;
8. The role of government is to support financial services by enacting good policies that will favour them to grow but not to provide the finance directly;
9. Donor funds should complement private capital, not compete with it;
10. The key bottleneck is the shortage of strong institutions and managers;
11. Microfinance works best when it measures and discloses its performance.

1.3.3. Major challenges facing SACCOS in Tanzania

According to K-Rep Advisory Services (2004) the following are the major challenges facing SACCOS:

- Low capitalization;
- Delayed remittances of member deductions;
- Weak internal control systems;
- Lack of effective supervision and guidance;
- Limited range of products and services;
- Unsustainable interest rates;
- Low outreach;
- Poor loan repayment and high loan delinquency;
- Human resources;
- Inadequate knowledge by SACCOS leaders and staff in microfinance 'Best Practices';
- Lack of emergency resource fund.

Thus any meaningful modernization of SACCOS will have to grapple with the above challenges. An enabling legal framework for the above to take place is already in place (through The Cooperative Societies Act No. 20 of 2003 and The Cooperative Societies Rules which came into effect in August 2004). According to those rules for example, delayed remittances of SACCOS members may trigger penalties, fines and court action on the part of the employer (K-Rep Advisory Services, 2004).

1.4. Entrepreneurship status and supports in Tanzania

In Tanzania the culture of entrepreneurship is in need of revitalization. During the years of colonial reign the development of indigenous entrepreneurship was hampered (Stevenson and St-Onge, 2005). Tanzanians of African origin were mainly employed as labourers in cash crop farming, with limited access to business (Stevenson and St-Onge, 2005). After independence in 1961, enterprises remained under the control of expatriates and business people of Asian origin biased against small private enterprises (Stevenson and St-Onge, 2005). In fact, during the socialist era of 1967-1985, a campaign was launched to discourage private entrepreneurship, projected in the popular press and among politicians as evil and something to be tolerated only during the transition to full socialism (Olomi and Nchimbi, 2002).

By the end of the 1970s, the stimulation of large-scale state enterprises intensive economy was proving ineffective due to the lack of technology and management know-how (Olomi and Nchimbi, 2002). Due to the extent of the economic crisis of the 1970s and early 1980s, and pressure from the World Bank and IMF, the government was forced to change its economic policies (Olomi and Nchimbi, 2002). From 1986 the government adopted the Economic Recovery Programme, designed to put an end to the economic deterioration and to transform the state-led economy into a market-driven economy (Olomi and Nchimbi, 2002). Final reforms took place in 1991, and the regulatory environment partially adjusted accordingly (Olomi and Nchimbi, 2002).

Due to privatization activity and the retrenchment of workers from public institutions, coupled with the bad state of the economies by then, many people were driven into micro-enterprises in order to make ends meet (K-Rep Advisory Services, 2004). These “first generation entrepreneurs” found – and in many cases still find – themselves operating in an underdeveloped “enterprise culture” (K-Rep Advisory Services, 2004).

Several new policies have been put into place over the past three years, including the National Micro Finance Policy (2000), the Strategic Trade Policy (2002), the Business Environment Strengthening in Tanzania (BEST) Programme (2001), the Poverty Reduction Strategy Paper (2001), an Agricultural Sector Development Strategy (2000), a Rural Development Strategy, and a Sustainable Industrial Development Policy (1996-2020). To these can be added the National SME Development Policy (2003) and the National Trade Policy (2003). In addition, all partners have agreed that the private sector is indeed the engine of economic growth and the President has shown he is a clear advocate for liberalization of the economy, and has initiated promising round tables with local and international investors in the context of the National Business Council (Stevenson and St-Onge, 2005).

Recently the government has designed a program in order to promote, support and empower especially the poor citizens engaged in private economic activities in all sectors of the economy by facilitating access to credit facilities by setting aside national revolving funds for each region in order to achieve the objective (BoT, 2007). The funds will be managed by selected financial institutions, which will make

loan disbursements in accordance to respective bank regulations and procedures. The loan beneficiaries will include individual entrepreneurs and SACCOS at a flat interest rate charge of 10%per annum; the plan is to have loan officers up to ward levels so as to quicken the loan processing (BoT, 2007).

1.5. Potentiality of microfinance in supporting entrepreneurs in Tanzania

The formal financial institutions dominate the capital outlay, but have very limited outreach. Not many formal banks operate in rural areas, since they find it unprofitable to operate in these areas (Blyh *et al.*, 2003).

According to Blyh *et al* (2003) majority of the Tanzania's population rarely use the formal financial sector and the trend has become even worse after the financial restructuring. Reasons for this can be as follows:

- Formal banks are too far from poor people's home and/ or work, which impose high transaction costs;
- They normally require high account opening balances;
- They have limits on withdraws that appear unrealistic to the poor;
- They operate during inconvenient opening hours, and tend to close before the end of most peoples working hours;
- They normally require high minimum balances to maintain the account;
- They have relatively complicated withdraw and deposit forms which come as a challenge to most people who are functionally illiterate;
- The poor have low and unsteady incomes and therefore poor cannot afford formal sector banks;
- Limited information of services offered and the corresponding conditions.

Insufficient access to the formal banking sector has encouraged the development of a semiformal financial sector i.e.SACCOS and other MFIs supported by donors and sometimes by the government (Blyh *et al.*, 2003). Moreover there are also informal financial facilities such as home savings, reciprocal lending, Rotating Savings and Credit Association (ROSCA) which are however limited in safety and efficiency [<http://www.econ.umu.se/mfs/kbaw.pdf>] site visited on 26/2/ 2008.

1.6. Microfinance and entrepreneurship in Korogwe

In Korogwe district there were 35 savings and credit societies by 2007 used by members as sources finance to finance their entrepreneurial activities (Annex.10). There are also other financers like the National microfinance banks (two branches), SEDA, Korogwe Foundation; all these and other informal sources of funds are used by different small entrepreneurs in financing their business. But it was observed that 0.98% of the population benefit from the SACCOS (Table 1).This suggests existence of some challenges between SACCOS and entrepreneurs.

Table 1: Korogwe district: Saccos membership and loan recipients growth 2004-2007

Year	No.ofSACCOS	Members found	Korogwe population	%Of beneficiaries	loan	%Not beneficiaries
2004	8	733	216332		0.34	99.66
2005	11	1222	218928		0.56	99.44
2006	13	2845	221555		1.28	98.72
2007	35	3927	224214		1.75	98.25
Average	17	2182	220257		0.98	99.02

Source: Korogwe cooperative departments as at September 2007

2.0. Case study of MomboT SACCOS

2.1. Brief history of Mombo T SACCOS ltd

Mombo Talanta SACCOS Ltd was formed on 22/5/2003 and registered on 22/12/2006, with registration number TAR.397 with 166 members and Tshs 222,944,595 as total deposits.

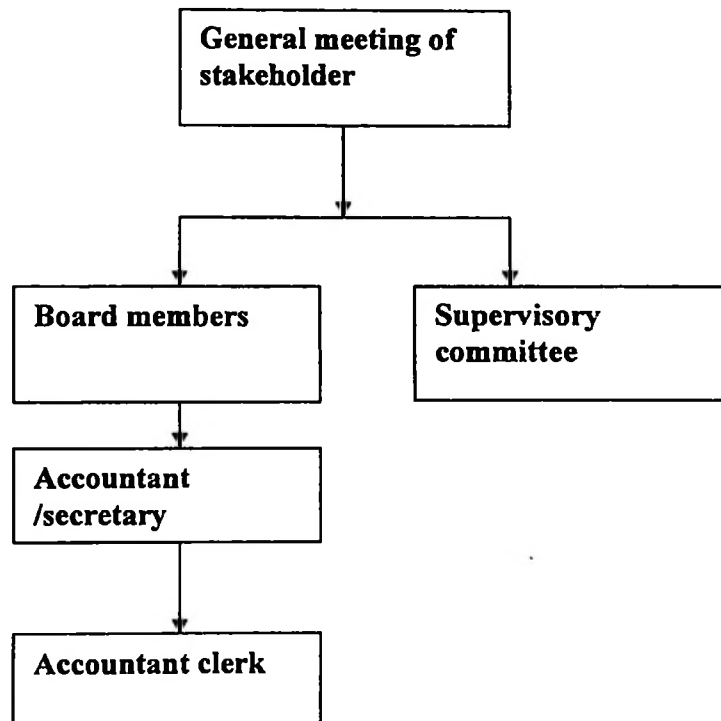
The main objectives for the society include:

- To improve the economic standard of the Mombo division residents;
- Provision of soft loans which can be used to finance different developmental activities e.g. small businesses, agriculture/farming, and other social needs;
- To serve as a convenient place for money safe keeping,
- To inculcate into minds of members a culture of serving and buying shares in their organization;
- To provide a cooperative education to members or community at large.

Basically the Mombo T SACCOS was established after the establishment of the CDBOs; which was the real intension of the Area Development Programme (ADP) Mombo- world vision eastern zone Tanzania. At that time the society provided services only to few members of Mombo town centre (ward), but following the sensitization Programme, funded by world vision Tanzania eastern zone, the organizations had some more members in all six wards (45 villages). Currently the society operates within the ADP (Mombo) buildings of World Vision Tanzania, however the ADP phases out on 25/9/2008, and has promised handling over the buildings to the SACCOS.

2.2. Organizational structure of Mombo T SACCOS

Figure 1: Organization structure of Mombo T SACCOS



It was observed that the accountant was also performing the intuitional secretary's roles at the Mombo T SACCOS since the accountant position was not filled.

2.3. Supports to the Mombo T SACCOS

The idea of forming the Mombo T SACCOS was suggested by ADP World Vision management staff to two Mombo villagers employed by the ADP World Vision. Then these sold the idea to Mombo community who accepted it and formed the Mombo T SACCOS the two people involved are Mr.Said Chenyegere who is a secondary school graduate and a retired cooperative officer and Ms.Anna Karata who is a form four graduate who had been in the ADP since 1994.

The ADP Mombo world vision; eastern zone fostered the establishment of the Mombo T SACCOS by sponsoring mobilization meetings in all the six wards (45 villages/60000 villagers).This was an import step towards the formation of the SACCOS.

After the general public meetings; villagers' representatives, together with the ward, division authorities as well also with Board members and the SACCOS executive officers were all given seminars on basic entrepreneurial skills and on SACCOS benefits. Further more two SACCOS staff trained in Morogoro, office equipments and books etc. were also provided, together with one metal box for keeping the cash: all these were done by the world vision. The ADP Mombo continues giving technical and advisory support till it phases out by 2008. Moreover the Mombo T SACCOS had managed to secure a loan from CRDB (Tanga) bank of about Tshs 100 millions as well as another loan of Tshs 90millions through the MOU by the 2007.

2.5. Mombo T SACCOS membership procedures

Membership is open to all villagers of Mombo. In order to be a member, one has to pay Tshs 2000 application fee, entrance fee Tshs 10000, pass book/identity Tshs2000 fee and purchase shares (10) at Tshs 5, 000 each. The new member has to open a savings account, which is the base for determining the amount of loan one can get from the SACCOS. This money can be with drawn by the owner at any time without any restriction. Up on membership termination, savings and shares remain to be the property of the owner. However the prospective member should be an individual or a solidarity group but only from within Mombo division and not otherwise.

3.0. Current situation of Mombo T SACCOS

Tables 2, 3, 4 and 5 give gender status of the MomboTSACCOS, position of management, education level of management and the supervisory committee respectively; Table 2 shows that 63.6% of the management are males while Table 3 shows that 63.6% of posts are occupied by males. Also 54.5% and 67% of the management and supervisory committee are standard seven in tables 4 and 5 respectively.

3.1. Managerial characters

3.1.1. Gender status of the management team

Table 2: Mombo T Saccos: Gender status of the management team

Sex	Frequency	Percentage
Male	7	63.6
Female	4	36.4
Total	11	100

Source: MomboTSACCOS records, November 2007

3.1.2. Management posts

Table 3: Mombo Talanta Saccos: Position of management according to gender

Position	Frequency		Percentage		Total percent
	Male	Female	Male	Female	
Account Clark	0	1	0	9.1	9.1
Account /secretary	1	0	9.1	0	9.1
Board members	4	2	36.3	18.2	54.5
Supervisory committee	2	1	18.2	9.1	27.3
Total	7	4	63.6	36.4	100

Source: MomboTSACCOS records, November 2007

3.1.3. Management educational status

Table 4: Mombo Talanta Saccos: Education level of management based on gender

Education level	Frequency distribution		Percentage distribution		Total percent
	Male	Female	Male	Female	
Standard eight	1	0	9.1	0	9.1
Std seven	5	1	45.4	9.1	54.5
Form four	1	2	9.1	18.2	27.3
Form six	1	0	9.1	0	9.1
Diploma/Above	0	0	0	0	0
Total	8	3	72.7	27.3	100

Source: MomboTSACCOS records, November 2007

3.1.4. Supervisory committee/education status

Table 5: Mombo Talanta Saccos: Education level of supervisory committee

Education level	Frequency	Percent
Standard seven	2	67
Form four	1	33
Total	3	100

Source: MomboTSACCOS records, November 2007

3.1.5. Management remuneration

There is no special formal remuneration scheme. All the Mombo T SACCOS staff work as volunteers. Occasionally Board members may decide to give them a token payment of some sort but not obliged. In the long run however, this may not be sustainable as it may cause laxity or lack of commitment.

3.1.6. Trainings and SACCOS managerial skills programmes

Mombo T SACCOS when started the training programmes for its staff and community sensitization were all sponsored by the ADP World vision but to day the training activities are left for the SACCOS it self (Table 6).

Table 6: Skills provided to Saccos stakeholders

Date	Seminar	Attended	Sponsor
		Community and	
20/12/2003	Entrepreneurship	management	ADP World vision
20/12/2004	Book keeping Financial	management	ADP World vision
30/12/2007	statements	management	SACCOS

Source: MomboTSACCOS records, November 2007

3.2. Auditing

The accounts of the Mombo T SACCOS are subject to external auditing but the frequency depends on the society's ability to pay the fees, so far no external auditing has been done.

3.3. Financing

Financing of the society depends solely up on the society's management and its ability to mobilize/solicit funds from members, public and any donors to date the Mombo T SACCOS has MOU with CRDB bank (Tanga) Ltd which enables it to be given a loan at an interest rate of 10% so as to subsidize its other sources of fund (Table 7).

3.3.1. The sources of fund/income for Mombo T SACCOS

Table 7: Mombo Talanta Saccos: Source of income

Source of income to SACCOS	Unit income of source (Tshs)	Reability dependency
		Ability to mobilize new
Membership application fee	2,000	members
Loan fee	3,000	Availability of capital
Pass book fee	5,000	Number of members
Entrance fee	1,000	Number of members
Identity card fee	2,000	Number of members
Penalties on undue loans	5% of undue loan	Number of defaulters
Interest over loans offered to members	20-30% of loans	Number of loans taken
Donors funds	any amount	Readiness of donor

Source: MomboTSACCOS records, November 2007

3.3.2. Money lending procedures for Mombo T SACCOS

The study found that in order for a member to get a loan he/she has to meet the following conditions:

- Should be a member of the Mombo T SACCOS with shares not less than 10 shares and each at a value of at least Tshs 5000;
- Has to pay for and fill an application form for loan (Tshs 3, 000);
- Has to possess a non-movable asset of the value more than the loan being processed (at hand);
- Has to get a loan at a lending ratio of 1:3 of member's saving values;
- Has to possess a deposit that is used as security for the loan;
- Consensus with husband/wife of the client about the said collateral/asset is done before the loan is being secured;
- Has to have three guarantors of whom one should be common member but non borrowers of the same SACCOS and are to have non movable assets;
- To have witness of the local government authority at division level and;
- To have witness at primary or higher legal authority level.

3.4. Information system

The society is still not a SCCULT member but gets its information from the Korogwe district cooperative department, mass media and or from other MFIs in a very traditional ways. However information dissemination to the members/public is usually done through written letters, posted announcements or sometime by round speakers.

3.5. The general activities of the organization

3.5.1. Planning activities

Only objectives in the constitutional were scheduled and day-to-day activities fluctuated based on board members' time-to-time decisions. No strategic (corporate), tactic and operational plans (documents) existed (Table 8). Also long planning or medium planning documents were not in place; the firm depends over short period planning. i.e. budgeting.

Table 8: The planning tool at Mombo Talanta Saccos

Planning tools	Remarks
Corporate strategic plan	Not available
Tactic/Business/marketing plans	Not available
Operational/ Action plans	Not available
Annual Budget	Available and used

Source: Mombo T SACCOS records, 2007

3.5.2. Day to day activities

The day to day activities include the reception of new membership applications, receptions of deposits, selling of shares to members, sales of passibooks/identity cards, sales of loans application forms, provision of some SACCOS education to newly joining or potential customers when possible, unstructured product/services marketing, loan processing, preparation of financial statements quarterly or yearly, preparation of loan repayment schedules and tracking of loan repayment rates in due times and all these activities are manually done. However loan defaulters were

hardly physically visited due to lack of transportation means, so unstructured means of communication were used like oral communications via friends to the defaulters.

3.6. Public awareness of Mombo T SACCOS services

3.6.1. Potential customers awareness about services

Table 9 shows the awareness of the potential customers on the services offered by the society to the community. The table shows that 70% were not aware of many activities of the SACCOS.

Table 9: Mombo Talanta Saccos: Knowledge of potential customers on Sacco's products /services

Knowledge's on products	Frequency	Percent
Do not know any	70	70
Savings and loans	14	14
Savings	1	1
Business /trade loans	15	15
Total	100	100

Source: Survey data, 2007

3.6.2. Reasons for potential customers not joining Mombo T SACCOS

Table 10 shows some reasons why some of the potential customers are not Members of Mombo T SACCOS.

Table 10: Mombo T Saccos: Reasons of potential customers for not joining Saccos

Reasons on not joining SACCOS	Frequency	Percent
Bureaucracy on getting loans	4	4
Services not clear	1	1
High interest rate	3	3
Membership procedures not clear	1	1
No SACCOS education	55	55
Lack of starting capital	32	32
Do not know SACCOS advantage	4	4
Total	100	100

Source: Survey data, 2007

3.6.3. Educational status of potential Mombo T SACCOS customers

Table 11 shows the educational status of some potential customers for Mombo T SACCOS. The results show that 87% of the members have ordinary education. This implies that they can read and write.

Table 11: Mombo T Saccos: Education of potential customers/small businesspersons

Education	Frequency	Percentage
Primary education	87	87
Ordinary secondary education	13	13
Total	100	100

Source: Survey data, 2007

3.7. Performance of Mombo T SACCOS

The SACCOS performance was evaluated by looking at numbers of members, clients, products /services, shares, deposits and loan portfolio quality.

3.7.1. Membership profile of Mombo T SACCOS

Table 12 shows that 59% of the members are male while female make up 30% and group members 11%. Mombo T SACCOS has grown from 21 to 242 customers between 2003 and Nov. 2007. This explains the extent the society is attracting more customers.

Table 12: Mombo Talanta Saccos- Membership profile 2003-2007

Members/year	2003	2004	2005	2006	Nov-7	Percent Nov-07
Male members	2	3	36	80	143	59.10%
Female members	19	23	60	60	72	29.75%
Group members	-	-	-	26	26	10.74%
No. members clients	-	-	-	-	-	0%
Institution	1	1	1	1	1	0.41%
Total members	21	26	96	166	242	100%

Source: Mombo T SACCOS records, November 2007

3.7.2. Performance of Mombo T SACCOS

The society started lending activities effectively in 2004 by disbursing 26 business loans worth Tshs 2, 420,000. The first loans were carefully served such that it stimulated potential customers. The process was then followed by a massive mobilization campaign. By November 2007 about 244 loans worth of Tshs 217, 999,200. were provided. The Mombo TSACCOS deposits and profit increased from Tshs 1, 000,000 in 2003 to Tshs 2, 930,000 by 2005. By November 2007 deposits and profits stood at Tshs 922,644,595 millions and Tshs 11,833,640.35 millions

respectively (Table 13). This shows that the society is accessible and entrusted by the community.

Table 13: Membership growth and performance of Mombo Talanta saccos

Years	Members	Shares Tshs	Deposits Tshs	loans issued Tshs	Net profit Tshs
2003	21	105,000.	1,000,000.	0	0
2004	26	920,000.	10,000,000.	2,420,000.	100,086.05
2005	46	1,000,000.	2,930,000.	24,086,350.	6,712,965.66
2006	116	1,165,000.	222,944,595	28,511,300.	6,673,891.60
Nov,07	242	5,170,000.	922,644,595.	217,999,200	11,833,640.35

Source: Mombo T SACCOS records, November 2007

3.7.3. Products and services offered by Mombo T SACCOS

a) **Credit products:** the credit products offered by the society includes; business loans, agriculture loans and animals loans, emergency loans, social loans and group loans to gathers with implement loans;

- **Business loans:** provided to a member and or client but the applicant should have a deposit of half of the loan he/she is applying for, the loan attracts an interest of 20% per annum, ceiling value of loan is determined by the applicants' deposit and repayment period is of three months;
- **Agricultural loans:** intended to finance production of seasonal crops e.g. vegetables etc; with a grace period of nine months and a lump sum repayment is done after the harvest which includes principal and interest rate of 20% per annum;

- **Emergency business loans:** are issued to meet emergency business financial needs that cannot wait for a couple of days. It is provided even if a member is still possessing other kind of a loan; and has a ceiling amount of Tshs 200,000 payable in 60 days and has an interest rate of 30% per annum;
- **Social loans:** curter emergency social obligations of the members such as funeral costs, medical expenses etc. This loan has a ceiling value of Tshs 200,000; repayable in three months while attracting an interest rate of 30% per annum and can be secured by a member prior to other kinds of loans;
- **Implement loans:** so far they have been issued to purchase different agricultural implements or inputs like tractor, (fertilizer, insect sides) and are issued after a member has a deposit of Tshs 200,000 in his/her account. However, for high capital value implements like tractors, the implants themselves are used as security at a loan limit of Tshs 15,000,000 and interest rate of 30% per year and payable in twelve months.

b) Deposit products: include savings account and fixed deposit account;

- **Savings accounts** opened by members and non-member clients these do not earn any interest and do not attract any charges from the holder;
- **Fixed deposit accounts** earn 2% interest regardless of the duration.

3.7.4. Mombo T SACCOS loan portfolio quality

Table 14 show that in years 2004, 2005, 2006 to November 2007 business loans had the largest share out weighed other loans in use at the following percentages 100%, 94%87% and 95.3% respectively The management also explained that 16 members

defaulted by 2005 with loan worth of Tshs 2,389,025 and the matter was sent to the court.

Table 14: Mombo Talanta Saccos loan portfolio sector wise amount in Tshs

Products	Dec.2004		Dec.05		Dec.06		Nov-.07	
	Amount	%	Amount	%	Amount	%	Amount	%
Total money disbursed	2,420,000	100	24,086,350	100	28,511,300	100	217,999,200	100
Business loan	2,420,000	100	22,743,050	94	24,805,300	87	207,814,700	95.3
Agricultural loan	0	0	623,300	3	2,906,000	10	8,596,500	3.9
Implement loan	0	0	0	0	0	0	1,000,000	0.5
Business emergency loan	0	0	0	0	800,000	3	388,000	0.20
Social loan	0	0	720,000	3	0	0	200,000	0.10

Source: Mombo T SACCOS loan portfolio, November 2007

4.0. Benefits obtained from Mombo T SACCOS by its clients

The organization has managed to assist some members to improve their socio economic activities that is some farmers use the loans from the organization to increase the size of the farms or apply irrigation system and or managed to take children to schools. Table 15 shows some benefits acquired by the Mombo T SACCOS.

Table 15: Mombo Talanta Saccos benefits to the community by 2007

Beneficial activities	No. clients
Loans offered to clients	198
Saccos skill imparted to members	242
Entrepreneurial group formed	30

Source: Mombo T SACCOS records, November 2007

5.0. Mombo T SACCOS market analysis

5.1. Competitors of Mombo T SACCOS

There are more than 35 SACCOS in Korogwe district these offer similar services in the financial market. There are also other microfinance institutions like two NMB banks, SEDA, etc. Section 5.2 gives the SWOT situation of the Mombo T SACCOS market indicating competition as the main threat.

5.2. SWOT analysis on the Mombo T SACCOS market

Key strength	Implication for marketing
Good building /large building	<ul style="list-style-type: none"> Trust and confidence of customers to the firm and so attract more customers
Community sensitization done by ADP-World vision.	<ul style="list-style-type: none"> Ease for market penetration
Key weakness	Implication for marketing
Similar competing products/services	<ul style="list-style-type: none"> Difficulties in marketing the products
Weak sources of capital/income	<ul style="list-style-type: none"> Difficulties in financing products publicity programs
High product interest rates (20-30%)	<ul style="list-style-type: none"> Small entrepreneurs are so sensitive to price so they largely remain behind
Key opportunity	Implication for marketing
World vision support	<ul style="list-style-type: none"> Sponsoring some market planning and promotion of the products
CRDB bank loan support	<ul style="list-style-type: none"> Ease to get loans so as to meet the market demand Customers' loan satisfaction thus attraction of more customers
Potential customers over 60000 in out of reach of NMBbank(over 25Km)	<ul style="list-style-type: none"> Good room for market expansion for more income and its strength
Key threats	Implication for marketing
Competition from other SACCOS and other MFIs	<ul style="list-style-type: none"> It is important to have sound market strategies

6.0. Problems faced by Mombo T SACCOS

Mombo T SACCOS like any such societies in the country are established in order to solve problems of its members so as to enable them meet their objectives. In order to find out the problems faced the society in fulfilling its duties, the study asked the Mombo T SACCOS administrators and selected stakeholders of the SACCOS certain questions relating to the performance of their duties. The main areas of concern were as follows:

6.1. Source of income: The study revealed that the society had its source of income depending on number of customers available and the readiness of potential customers to join and contribute for the firm or on donors who are unreliable as well thus weak source of income (Table 7).

6.2. Loan repayment: The study revealed that default rate is high because about 37.07% of the disbursed loans were in arrears and only 62.95% was recovered/ paid in as at October 2007 (Table 16).

Table 16: Mombo Talanta Saccos: Loan disbursement and repayment status by October 2007

Total loan portfolio in Tshs. as at the end of October 2007						
SACCOS name	Arrears free	Percentages arrears free (%)	Arrears>30days	arrears>60days	Arrears>90days	
Mombo	68,041,100	62.95	39,104,175	600,000	338,925	
Manundu	59,565,677	32.04	126,000,000,	6,000,000	333,646	
Korogwe teachers	28,000,000	61.5	17,500,000	0	0	
Korogwe district	46,100,000	10.89	41,000,000	0	0	

Source: Cooperative department records in Korogwe, 2007

6.3.Strategic plan: The study revealed that the society has no and does not use the strategic planning tools like corporate, operational and action plans, but only a budget is used as planning tool in implementing the activities of the firm (Tables 8 and 17).

Table 17: Main problems faced by SACCOS in Korogwe as stated by Cooperative officers

SACCOS problems by coop. officers	Frequency	Percentage
Lack of SACCO education.	1	25
Lack of strategic planning/plans	3	75
Total	4	100

Source: Researcher's survey, November 2007

6.4. Availability of entrepreneurial skills among the Saccos stakeholders: The study revealed that the SACCOS stake holders lacked entrepreneurial skills e.g. about 46.15 % of the interviewed lacked business and entrepreneurial skills (Annex 5).

6.5. Robbery risk: The study revealed that no any watchman was employed by the firm and this is likely to increase a robbery risk on its properties (Table 3).

6.6. Increased competition: The study revealed 35 registered Saccos in Korogwe district that compete for same sponsors and members etc and it is such that only 5.9% members belong to Mombo T SACCOS (Annex 10).

6.7. Conflict of interest among the stake holders: The study revealed that there are different interest among the three spheres forming the Mombo T SACCOS that is the

management, board members and the common members each have own need to be meet and if not this can reduce the com̄mitment of either of spheres and it is complex to balance these demands (PFCMP *et al.*, 2005).

6.8. Remuneration of employees: The study revealed that the society had no special remuneration scheme. All the Mombo TSACCOS staff work as volunteers. Occasionally Board members may decide to give them a token payment of some sort but not obliged. In the long run however, this may cause laxity or lack of staff commitment by Mombo T SACCOS Clerk account oral communication (2007).

6.9. Adequate capacity to asses and manage risks: The study revealed that the society had no well structured risk management system that was in place; on leading money only traditional means like honest ness and trustfulness of borrowers were used in considered the borrowers of which these can not be accurately measured. And this undermines the capacity of lending at full rate and provision of the varieties of product is also limited to fear of loosing money from bad borrowers.

6.10. Loan demand: The study revealed that so far members' applications for loans have grown up than the financial ability of the firm and this has forced the organization to look for external sources of funds like donors or other loan providers of which attract some interests which are payable back, to date members have increased from 21members by 2003 to more than 242 members by November 2007 (Table 13).

6.11. Cooperative skills and general education among all stakeholders: the study revealed that the staff, members and the potential customers who are (small entrepreneurs) near by SACCOS were largely found to have primary education at a

large proportion (87%) and this can undermine their entrepreneurial decisions and their prosperity in this globalized environment of today (Table 11).

6.12. Accessibility of cooperative services from the district level: the study revealed that there are only four cooperative officers, who unafacilitated for their extension services and so hardly provide services over the expenses of the unsustainable sources of fund of the firm (Table 18).

Table 18: Challenges for Korogwe cooperative department in supporting SACCOS

Challenges for Korogwe district coop. department	Frequency	Percentage
Political influence lead to SACCOS with no Capital	1	25
Lack of support and little budget	3	75
Total	4	100

Source: Researcher's survey, November 2007

6.13. Strategies supporting small entrepreneurs: The survey results revealed that some of the small entrepreneurs were not SACCOS members. But no program was in place to attract the low-income entrepreneurs (32%) and who lacked SACCOS education as well (55%) (Table 8) and or the interest rates are high for them (20-30%) per annum compared to the well off people.

6.14. Products and services: the study revealed that some products were not properly differentiated and so not known to both customers and potential customers. e.g. The people interviewed did not understand that there other products /services

those are offered in the market like depositing account at a fixed period which is available even for non SACCOS members and attracts an interest of 2% to deposit and this would assist on the socio-economic activities of the clients and other (15%) knew about business loans (Table 9).

6.15. Daily used technology: the study revealed that manual operation system was highly used in accomplishing most of the day to day activities of the firm; as there were no any installed computers, so only loose papers and some accounting books were manually created and used leading to difficulties in data processing thus poor decision making and or poor planning for the future as a result of poor information (Annex 3).

6.16. Publicity Programme to the public on activities of firm: The study revealed that the non-SACCOS members; small entrepreneurs (70%) around the firm were not aware of its services and or they lack education about SACCOS, and this is a barrier to entry for potential members thus affecting the membership profile (Table 9).

6.17. Research related to customer wants/services: the study revealed that no research has ever been conducted about both the customers and the potential customers' needs as a result many of the potential customers are not aware about the activities of the firm by 70% (Table 9).

6.18. Competitive strategies: The study revealed that there were no clear/specific strategies those were in place for the firm to win its competitors; that is the products and services offered to the clients were same as those in other micro finance institutions in the district these included credit services and or deposit products, and this lack of strategies in place strategically to capture more customers might have discouraged quick membership growth (Annex 4).

6.19. Human resources: the study revealed that manager job position was not filled and one staff occupied two job positions (accountant and secretary) (Fig.1 and Table 3).

6.20.External auditing: The study revealed that no auditing has been made so far since the year 2003 and this may lead to financial loses without quick realization on what is wrong and it may even be too late to correct the problems and this may ruin the organization before the low capability of the supervisory committee (Table 5).

7.0. Suggested alternative solutions

➤ Weak sources of income /capital to the organization

Challenge of weak capital can be solved by identifying all possible opportunities for income generation also by increasing publicity on activities of the organization so as to stimulate potential members to join the organization and hence increase member contribution.

➤ Poor loan repayment

To reduce poor loan recovery the firm should always have a well-structured policy on how to educate both of members and potential customers that money provided to the borrowers should be paid back to the organization timely.

➤ Lack of effective strategic planning (strategic management skills)

In order that the firm to do well in its business it is very important for it to have an effective strategically prepared business plan that clearly puts forward what are the expected out comes/ends to be reached. Also it is in this plan in which the how and what actions to be taken and resources, are to be clearly shown as well so that the

firm can follow up the plan during implementation and easily arrive to the clearly forwarded intends, this document will as well help in organization of the resources.

➤ **Lack of entrepreneurial skills among SACCOS stake holders**

The challenge of lacking entrepreneurial skills among the staff, board members and customers and or potential customers can be solved by providing some of the entrepreneurial skills to the members and staff so that the skills will impart knowledge on how to identify viable business ideas those can profitably pay the small entrepreneurs and yet meet the interest payable to the SACCOS, business plan skills, record keeping skills and many others entrepreneurial related skills can be provided. On the other hand staff members if equipped with entrepreneurial skills will identify different opportunities available in the financial market at timely and profitably for the firm.

➤ **Robbery risk**

To avoid or reduce the possibility of robbery at the firm yard then employment of at least one watchman is very important so as not to expose to risks the properties of the organization. And this may increase confidence and trust among the clients and community at large before the firm thus more customers will be attracted to join it.

➤ **Increased competition**

So as to manage the challenge of an increased completion the organization should have to transform its products into differentiated forms from those of its competitors. And pricing of its products just above the break-even point enough to meet the operational costs of the firm is of great importance. Lowering membership costs and

others also could be very important because some of the price/cost sensitive potential members/low income entrepreneurs will be attracted to the firm.

➤ **Conflict of interest among the staff, board members and the clients**

The problem of differing in interest between the staff, board members and members can be solved by the organization through having in place a well established policy about the rights of every sphere that be met at any possible minimum level and equitably in all the spheres, this may reduce or completely remove complains. Example no salaries were provided to the stuff members by November 2007 and this would have affected the performance of the organization due to lowered morale among the executives and or other spheres.

➤ **Poor remuneration of employees**

The Mombo T SACCOS as financial institution is required to establish remuneration structure, which specifies when and how the employees will be promoted, remunerated and or terminated from the institution. This policy can clearly suggest the base up on which payment can be made like performance or any other indices preferred by the organisation.

➤ **Lack of adequate capacity to assess and manage risks**

In order to minimize risks associated with moneys lending honest ness or trustfulness becomes not enough in decision making, so it is very important for the organization to have a well established risk management policy that will assist in reducing risks and in taking advantages of different oppportunities, which are highly associated with risks.

➤ **Poor means of identifying dishonest members and leaders**

The problem of poor means of identifying dishonest staff or members; the organization will have to establish a management policy that will be used to trace back about one's provided information at an earlier stage before the society commits risk or loss of its resources; Also sufficient deposits and collaterals can be used to reduce problem of property loss due to dishonesty.

➤ **Increased loan demand**

The SACCOS management should have in place a short, medium and long term strategies from which the organization will be able to mobilize funds for the present and future activities through short and medium strategies but also the long term strategies will be responsible in taking care of all the projected financial future needs.

➤ **Lack of sufficient Cooperative skills or education among all stakeholders**

So as to improve the cooperative skills among the clients, staff and potential customers the firm has to make a decision of setting aside some money that can be used to assist the training processes.

➤ **Poor accessibility of cooperative services from the district level**

The firm can use whoever is available including the retired cooperative officers rather than strictly waiting for services from few and unafacilitated district officers only. However some issues strictly requiring some government officials; like certifications these all can wait.

➤ **Failure in supporting the small entrepreneurs**

The SACCOS should segment the market into different niches those can be served accordingly.

➤ **Undifferentiated products and services**

The firm should publicize all its products/services so that they can all fetch market and profitably.

➤ **The use of traditional technology in day to day operations/activities**

The Mombo T SACCOS should set a budget for buying at least some used computers and use them to enhance efficiency. Technical advice from the CRDB bank as its moneylender.

➤ **Lack of research related to customer wants/services**

It is important for the organization to decide and set aside a possible budget that will support a simple survey of which its result may tremendously assist the plans and growth of the organization and this should be done from time to time in reviewing the customers needs and so successfully win the market.

➤ **Lack of enough human resources**

The organizations should employ more personnels with skills so that manager and one of the accountant or secretary job positions be filled for better performance.

➤ **Lack of external auditing**

The firm should set aside a budget for auditing services so as to avoid a risk that may lead to the miss use of fund or insolvency of the firm.

8.0. The best alternative solution

Strategic management, which applies effective strategic planning tools, is the best alternative to be recommended and applied by the Mombo T SACCOS because if implemented each of the other alternative solutions will be partially or temporally solve the challenges/problems facing the firm.

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ANNEXES

Annex 1: SACCOS profile as at 31st May 2005

Region	No. of SACCCOS	No. of members		Total	Savings (Tshs)
		M	F		
Arusha	87.00	3,962.00	3,715.00	7,677.00	1,280,800,000.00
Dsm	237.00	21,989.00	14,648.00	36,637.00	18,842,187,689.00
Dodoma	99.00	8,367.00	5,525.00	13,892.00	254,874,560.00
Iringa	116.00	7,828.00	5,306.00	13,134.00	757,134,000.00
Kagera	151.00	9,237.00	4,112.00	13,349.00	61,237,222.00
Kigoma	34.00	1,295.00	606.00	1,901.00	63,036,450.00
Kilimanjaro	134.00	52,991.00	10,056.00	63,047.00	320,193,776.00
Lindi	24.00	1,673.00	615.00	2,288.00	184,638,201.00
Manyara	47.00	3,383.00	1,678.00	5,061.00	293,388,972.00
Mara	101.00	4,880.00	3,147.00	8,021.00	366,978,255.00
Mbeya	159.00	11,643.00	9,018.00	20,661.00	2,165,605,358.00
Morogoro	99.00	9,310.00	3,910.00	13,220.00	1,097,510,499.00
Mtwara	41.00	3,445.00	1,161.00	4,606.00	116,616,271.00
Mwanza	217.00	10,063.00	5,926.00	15,909.00	122,983,209.00
Pwani	47.00	1,870.00	1,251.00	3,121.00	693,757,858.00
Rukwa	23.00	1,122.00	352.00	1,474.00	53,580,925.00
Ruvuma	38.00	4,110.00	8,998.00	13,108.00	704,207,024.00
Shinyanga	66.00	3,782.00	1,606.00	5,388.00	249,788,395.00
Singida	40.00	2,293.00	1,158.00	3,451.00	147,256,106.00
Tabora	64.00	2,990.00	574.00	3,564.00	5,342,965.00
Tanga	51.00	2,962.00	2,100.00	3,062.00	748,321,319.00
Total	1,875.00	169,195.00	85,462.00	252,571.00	28,529,439,054.00

Source: MCM July, 2005

Annex 2: Cooperative data on SACCOS compiled by WOCCU from 91 countries as at 31st December 2004

	Credit union	Members	Penetration	Savings (US\$)
Africa				
Total	7856	7162689	3.58	1872601316
Asia				
Total	15593	11131203	1.84	30416592498
Caribbean				
Total	281	1554290	39.1	1802531798
Europe				
Total	5800	6927951	2.96	14604893238
Latin America				
Total	1832	10511033	3.57	8371148151
Middle East				
Total	1675	5006708	3.26	55600
North America				
Total	9793	9218954	41.33	6.29643743188
South Pacific				
Total	317	3787115	22.55	21116498824

Source: woccu-www.woccu.org 8/8/2005

Annex 3: Some problems facing Mombo TSACCOS as mentioned by management

Management problems	Frequency	Percent
Difficulties in loan recovery	1	9.09
Little government support	1	9.09
Limited cooperative services from the district	2	18.18
Lack of appropriate skills in business/SACCOS	1	9.09
Lack of modern facilities	2	18.18
Little capital	1	9.09
Competition in financial market	3	27.27
Total	11	100

Source: Researcher's survey, November 2007

Annex 4: Strategies used to attract new members

Some strategies for attracting new members	Frequency	Percent
Member to inform non member	8	72.73
Visiting potential customers	3	27.27
Total	11	100

Source: Researcher's survey, November 2007

Annex 5: Some challenges facing some Mombo TSACCOS members

Challenges facing some members	Frequency	Percent
Delays in getting loan	3	7.69
High interest rates	7	17.95
Lack of SACCOS education	4	10.25
Lack of business and entrepreneurial skills	18	46.15
Small loan size provided	3	7.69
Competition in business	4	10.25
Total	39	100

Source: Researcher's survey, November 2007

Annex 6: Education of some Mombo TSACCOS members

Education	Frequency	Percent
Non formal education	1	2.56
Adult education	2	5.13
Primary education	28	71.79
O-level	4	10.26
A-level	2	5.13
Diploma	1	2.56
Standard eight	1	2.56
Total	39	100

Source: Researcher's survey, November 2007

Annex 7: Reasons for membership on Mombo TSACCOS products

Reason for membership	Frequency	Percent
To get loan	33	84.62
To get place for money keeping	6	15.38
Total	39	100

Source: Researcher's survey, November 2007

Annex 8: Members' knowledge on Mombo TSACCOS products

Members knowledge on SACCOS products	Frequency	Percent
Business loan services	25	64.1
Deposited services	11	28.21
Others	3	7.69
Total	39	100

Source: Researcher's survey, November 2007

Annex 9: Business for non SACCOS members small entrepreneurs Korogwe

Small businesses	Frequency	Percent
Pharmacy Shop	1	1
Garden tree	1	1
Traditional doctor	1	1
Carpentry	2	2
Masonry	1	1
Kiosk	5	5
Metallic craft	1	1
Mineral dealer	1	1
Decorative	7	7
service provision	1	1
Retailing shop	17	17
Used clothes	7	7
Food stuff selling	22	22
Tailoring	6	6
Farming	18	18
Food vendors	1	1
Vegetables	8	8
Total	100	100

Source: Researcher's survey, November 2007

Annex 10: SACCOS in Korogwe district as at September 2007

	Saccos name	Members	(%)Members
1	Mombo t saccos	242	5.9
2	Bungu t saccos	157	3.9
3	Kwemazandu	120	2.9
4	Mwelya usambara	285	7
5	Chekelei	60	1.5
6	Mombo farmers	96	2.4
7	Mwangaza mkonge	60	1.5
8	Mpatema	85	2.1
9	Magunga sisal	121	2.9
10	Tupendane	52	1.3
11	Juhudi mombo	35	0.9
12	Mnyuzi teachers	70	1.7
13	Mashewa women	110	2.7
14	Mlungui	80	1.9
15	Magoma t saccos	107	2.6
16	Hale mkonge	49	1.2
17	Sakare	45	1.1
18	Mwivano	47	1.2
19	Korogwe dis workers	234	5.8
20	Korogwe teachers	568	14
21	Korogwe girls sec	45	1.1
22	Korogwe ttc	92	2.3
23	Manundu saccos	161	3.9
24	Muongano saccos	90	2.2
25	Maendeleo saccos	32	0.8
26	Mali saccos	28	0.7
27	Mbeza saccos	30	0.7
28	Anglican dios tanga	54	1.3
29	Mahenge kumekucha	400	9.8
30	Uwako	47	1.2
31	Mkongwe umoja	262	6.5
32	Mt.kilimanjaro	70	1.7
33	Wazee ccm	37	0.9
34	Wazee korogwe	51	1.3
35	Wanawake korogwe	40	0.9
	Total members	4062	100

Source: Korogwe cooperative departments as at November 2007

