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&  
SOUTHERN NEW HAMPSHIRE UNIVERSITY**

**MASTER OF SCIENCE IN COMMUNITY  
ECONOMIC DEVELOPMENT  
(2005)**

**SUPPORT IN DEVELOPMENT AND FACILITATION OF  
TRAINING PROGRAMME TO TAZARA MBEYA  
SAVINGS AND CREDIT COOPERATIVE SOCIETY  
LIMITED**

**MRUMA ALBERT OMAR**

**CERTIFICATION**

The undersigned certify that he has read thoroughly and satisfied with the process, methodology, findings, recommendations and implementation presented in the final report of the Project entitled a "Project on Support in Development and Facilitation of Training Programme to Tazara Mbeya Savings and Credit Cooperative Society limited".

He hereby recommends its submission and acceptance by the Southern New Hampshire University as a partial fulfillment of requirements for the degree of Master of Science in Community Economic Development in Southern New Hampshire University at the Open University of Tanzania.



.....  
**MR. NOEL KAZIMOTO**  
**SUPERVISOR**

**DATE:** 30/7/2005  
.....

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**DEDICATION**

To my lovely wife Roselyn, my daughters Doreen and Edina and my son Henrick

## ABSTRACT

This report is an outcome of the work done by the author after working with TAZARA Savings and Credit Cooperative Society Ltd, based in Mbeya Municipality for the period of 18 months while pursuing Master Degree Programme. This project report is submitted as a partial fulfillment of requirement for the degree of Master in Science in Community Economic Development in Southern New Hampshire University at the Open University of Tanzania. The overall objective of the project was to support in the development and facilitation of training programme to members, committee members and staff of the organization. The underlying specific objectives of the assignment are:

- a) To support the organization establish baseline data
- b) Jointly with organization to conduct training needs assessment
- c) Development and facilitation of tailor made training programme to members, committee members and staff

The situational analysis established “Weak members empowerment” as a core problem, which culminated to poor participation, low savings, and low credit management. It was further hypothesized that the best solution to the problem is to design and implement tailor made training programme to members, committee members and staff of the organization. The survey was designed and conducted to enhance collection of both quantitative and qualitative data that enabled assessment of training needs and establishment of baseline data for the organization. The output of training needs assessment was the major inputs in the development of tailor made training programme

to members, committee members and staff of the organization. The training modules designed for members were business management skills and leadership, while that for board members were leadership skills and interpretation of financial statements and that of staff were accounting for micro finance and financial management.

During the period of this project two training sessions in business management skills and entrepreneurship were organized and facilitated and a total of 66 members and 4 leaders participated. The training was evaluated by the participants as very successfully and relevant to them. The cooperation from the host organization enhanced the success of this assignment, indeed the work was very challenging and interesting and we both learnt a lot from the intervention. However in order to sustain this process I would like to make the following recommendations:

- a) The organization should carry out the impact of the training after the accomplishment of the training in order to establish the impact of the training and analyze the new training needs and develop a training programme.
- b) Training programme should move beyond one time workshops to a combination of training and sustained technical support. Successful training must include the active participation of participants through experiential learning and the long term support of the participants as they work to implement business activities.
- c) The student who will be attached to work with CBO in future to undertake monitoring and provide backstopping to ensure proper management of business activities established by those trained.

- d) The organization should explore on the strategies of establishing effective linkages with the financial institutions in order to access to funds in order to enhance its capacity to provide credits to its members especially who undergone training in business management skills. The organization should also work out strategies of linking their members who develop viable projects to the financial institutions for borrowing.

## ACKNOWLEDGEMENT

I would like to express my sincere thanks to every one whom in one way or another contributed to the accomplishment of this project, which resulted to production of this report.

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God of heaven blesses every one who contributed to the success of this project.

## ABBREVIATION

CBO	Community Based Organization
CED	Community Economic Development
EDCOOP	Enterprise Development in Cooperatives
FAO	Food and Agricultural Organization
FOSADA	Front Office Savings and Credit Deposit Account
ICA	International Cooperative Alliance
MEMCOOP	Members Empowerment in Cooperatives
MFI	Micro Finance Institutions
PPP	Peoples Participation Programme
SACCOS	Savings and Credit Cooperatives Society
SCCULT	Savings and Credit Cooperative Union League of Tanzania
SIDO	Small Scale Industries Development Organization
SIP	Small Scale Industrial Programme
TAZARA	Tanzania Zambia Railway
TAMBESACCOSO	TAZARA Mbeya Savings and Credit Cooperative Society

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## CHAPTER ONE

### COMMUNITY BASED ORGANIZATION BACKGROUND

#### 1.1 **Background information of the organization**

TAZARA Mbeya Savings and Credit Cooperative Society was started in 1992 and registered in October 1994 and draws members along the TAZARA line from Dar to Tunduma. The organization is basically aimed at providing financial services to members in a sustainable manner. The organization is a member based whereby the employees of TAZARA voluntarily decided to form the organization. The organization is registered under Cooperative Societies Act No. 15 of 1991 with registration number MBR 349. The organization started with 123 members with capital of 623,000 and as at 31<sup>st</sup> December 2003 the organization had a total of 418 members (411 male, 7 female) and a loan portfolio of TSH 274,028,898. The records showed an increasing trend of number of members and loan portfolio over the past years. The basic requirements for membership is age of 18 years, sound mind, payment of entry fees of 5000/= and agree to effect monthly savings of a minimum of 3,000/= and agree with by laws, rules procedures and policies of the organization.

#### 1.2 **The Vision of the organization**

To be the leading Micro Finance Institution in Tanzania in terms of financial capacity and provision of good quality services to the members and the community.

### **1.3 The Mission statement of the Organization**

To be a leading capable savings and credit cooperative society by mobilizing and handling members' resources and in return deliver services to the members through accountable, transparent, predictable and participatory manner (TAMBESACCOSO 2004).

### **1.4 The objectives of the organization**

- Mobilization of funds from members, community and financial institutions in order to provide financial services
- Extension of membership boundaries by creating linkages and mutual interdependence among all bona fide stakeholders
- Acceleration of the capacity in both funds mobilization as well as provision of timely products and services to the members and ensuring members confidence and compliance.
- Providing guidance and counseling services to members in need, so as to create better understanding on how best can loans be utilized.
- Facilitating training needs assessment and hence development and execution of comprehensive training programme to members, committees and staff.

### **1.5 The products and services offered by the organization:**

The organization offers the following products:

#### **Development Loan:**

Currently the maximum lending rate is two times ones savings repayable in 36 months with interest rate of 1 % per month



**Emergency Loan:**

A maximum of TSH 100,000 recoverable in three months with interest rate of 3% per month

**School/ College fees**

A maximum of TSH 200,000 issued at the beginning of each semester i.e. January and July. Each installment is payable within six months and an interest rate of 3% per month is charged.

**Goods/properties loan**

A maximum of TSH 400,000 recoverable within 12 months or less depending on the value of the goods involved with an interest rate of 2% per month

**Salary advance**

A maximum of ones net salary recovered in one installment with interest rate of 1.5%

**Festival loan**

A maximum of TSH 20,000 recoverable within a month and interest rate of 5% is charged.

**Loan Balance offsetting**

Equivalent to 30% of the loan taken at the time when 70% of the loan has been repaid. The amount is to be deducted from the fresh loan in one installment an interest rate of 5% is charged.

### **1.7 The legal framework of the organization**

As it was pointed out earlier the organization is registered under Cooperative societies Act No. 15 of 1991. The general operation of the organization are guided by the following legal framework:

- a) Cooperative Societies Act No. 15 of 1991 which was replaced by Act No. 20 of 2003.
- b) Rules and regulation formulated by the Minister of Cooperatives and Marketing
- c) Constitution/By laws formulated by the organization at the time of registration and are constantly reviewed.
- d) National Micro Finance Policy of 2000
- e) Rules and procedures of Savings and Credit Cooperative Union League of Tanzania (SCCULT) of which the organization is affiliated.
- f) Resolution and decision made by members in the general assembly
- g) Cooperative Development policy of 2002

The cooperative department regulates the operation of the organization, this department plays the roles of supervision, training, inspection and advisory. The Organization also enjoy the services of a government institution known as Cooperative Audit and Supervision Corporation which undertakes the external audit of all cooperative societies.

### **1.8 The project assignment**

The project assignment was to support the organization in developing and facilitating training programme. The situation analysis carried out through SWOT analysis indicated weak members' empowerment, which culminates to low participation, low savings and poor credit management. The discussion with the leadership established that training activities conducted only involved committee members and staff. No training for members conducted since the inception of the organization and there is no training programme for organization target group. The chairperson of this organization admitted that, this assignment has come at a right time since they were looking on the possibility of developing training programme for members, committee members and staff basing on the actual training needs of the target groups. We agreed that the only effective strategy for enhancing members' empowerment is through tailor made capacity building programme to all key target groups of the organization. We further agreed that in order to have relevant and realistic training programmes, a thorough training needs assessment should be conducted whereby training needs of members, committee members and staff will be identified, analyzed and prioritized. We were convinced that the capacity building of members through training would result to empowerment, which will enhance the following:

- i. More effective members control of the affairs of the organization
- ii. More resources mobilization in terms of increased savings, shares and deposits

- iii. Increased business undertakings which will result to increased loan demand and increased revenue in terms of interest
- iv. Improved credit management
- v. Improved participation
- vi. Spill over effect to the community
- vii. Strong leadership and application of best practice in the operation of the MFI

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Literature Review

Training of all key target groups is one of the cornerstones for the improved performance of any organization. A well designed programme may contribute to capacity strengthening of staff, members and committee of an organization and may result to empowerment which will ultimately enhance participation. Proper training will enhance the Micro Finance Institutions to apply best practice in the operation of its activities and ensure its sustainability. Policies have also been put to place to guide the formulation and implementation of training programme relevant to Micro Finance Institutions. Because of the importance of training some researches have been conducted to explore on the designing, facilitation, importance and the impact of training in human capital and performance. This chapter will analyze the theoretical, empirical and policy review relevant to training:

#### 2.1 Theoretical Literature Review

Education and training is very important in any human nature as it facilitate sharing of knowledge, skills, attitude and experience. Training is a major source of transformation process provided that it is designed to address the actual needs of the target groups. Paulo Freire (1973) pointed out that, education is designed either to maintain the existing situation, imposing on the peoples values and culture of the dominant class or education is designed to liberate people, helping

them to become critical, creative, free, active and responsible members of the society. Anne Hope et al (1992) concluded that the link between literacy, critical awareness and development is very important to break through the fatalism which paralyze many rural and urban poor people most need (Anne Hope et al, 1992). "Literacy is fundamental to achieving progress and it is essential to the building of democratic society where people can participate consciously and critically in national decision making. You learn so you can identify the reality in which you can become a protagonist of history rather than a spectator"(Ibid.). "We believe that in order to create a new nation we have to begin with a education that liberates people. Only through knowing their past and their present, only through understanding and analyzing their reality can people choose their future. Only through learning process can people fulfil their human destiny as makers of history and commit them to transforming that reality. A liberating education involves people acquiring the knowledge, skills and attitude necessary for their new community responsibilities"(Fr. Fernando Cardinal, March 1980).

Designing training programme is very crucial to the success of the training. The tailor made programmes whereby the training needs are correctly established before embark on formulation of training programme are more effective in addressing the needs of the target groups and result to permanent transformation for improved performance. It is therefore important to conduct training needs

assessment whereby the training needs are identified, analyzed and prioritized and the target groups should fully participate in the process. Anne Hope et al (1992) in the book of training for transformation postulates that “if an education and training does not address specific problems identified by the group, then it will have no use”(Anne Hope et al 1992). People will act on issues on which they have strong feelings. “Education and training should start by identifying the issues which the local people speak about with excitement, hope, fear, anxiety or anger”(Anne Hope et al, 1992). Bergdal (1992) pointed out that, “problems and priorities differ: by discussing with the target group these will be revealed”(Bergdal (1992), pp. 42).

In carrying out need assessment it is worthwhile to carry out thorough analysis of the target groups to establish the important characters and features, which will affect your intervention. “The purpose of the target group analysis is to analyze the characteristics and features of the target group you will have to take into account if you wish to provide satisfactory and effective support”(Bekkering, 1992 pp. 23). Jules N. Pretty et al (1995) underscored the importance of assessment of training needs and affirmed that the impact of training events will depend largely on its institutional and organizational context. Jules N. Pretty et al (1995) stress that before any training begins, the most important step is to find a way of understanding the training needs of the relevant institutions and individuals. Although it might be tempting option, and certainly it involves less

work, a predesigned training programme is rarely going to fit the specific needs of new institution or group of trainees. The best way to adapt and finely tune a programme is to find out as much as you can about the institutional context beforehand. The more the content and style is tailored to meet particular needs, the more likely it is that you will bring about some permanent organizational change (Jules N. pretty et al, 1995).

Jules N. Pretty et al, (1995) pointed out the following key steps in carrying a participatory Training Needs Assessment:

- (a) Clarify staff job descriptions, which includes analyzing the overall duties and specific tasks related to the job
- (b) Ask post holders to formulate suggestions for improving their job descriptions
- (c) Ask the post holders to identify their own knowledge about, attitude towards and skills the best practice required for better performance
- (d) Ask the target groups to identify existing gaps in knowledge about, attitude towards and skills in the best practice required.
- (e) Ask the target groups to identify organizational constraints related to the best practice to be introduced
- (f) Together determine priorities in training needs to fill gaps and in ways to overcome key organizational constraints.



(g) Develop the training programme

The trainer or animator is not the sole custodian of knowledge and we should never regard ourselves as such. In addition, we have no mandate to impose on people what they should learn, particularly when this is not preceded by need identification and objectives defined with precision (Mshiu, 1988).

Training methods is very crucial in the facilitation of the training events and it is emphasized to use participatory training methods in order to be consistent with the value of the participants. Jules Pretty et al (1995) points out that many methods of instruction can be used during training and no single one is better than the rest. For training, which stresses active participation and open dialogue, it is essential that trainer uses a style of training that is consistent with the values of participation. Jules Pretty et al (1995) suggested the use of the following methods in combination to ensure effective facilitation of the training: Lecture, buzz groups, role-plays, case studies, etc.

Anne hope et al (1992) on the training methodology emphasized the use of problem posing approach as it provides time for thinking, creative and active participation in describing, analyzing, suggesting, deciding and planning. "Problem posing training is prophetic, and as such is hopeful, corresponding to the historical nature of human beings. It affirms people as beings who transcend themselves, who move forward and look ahead for whom looking at the past

must only be a means of understanding more clearly what and who they are, so that they can more wisely build the future”(Paulo Freire, 1973). Paulo Freire (1973) has also said, “people must learn to read their reality and write their own history”

Adult Learning Psychology postulates that, adults have a wide experience and have learnt much from life and they learn most from their peers. Adults are interested and learn quickly about those things that are relevant to their use and therefore underlying importance of using participatory training methods which enhance sharing. Adults have a sense of personal dignity and therefore must be treated with respect at all times and never feel humiliated (Anne Hope et al, 1992).

## **2.2 Empirical Literature Review**

Training as the tool for enhancing empowerment has received interest from many researchers and various researches have been conducted to study the impact of training on human capital and performance. There is empirical evidence that training have a direct effect on quality of human capital and improved productivity. Maglen (1995) defines training as instructions that is directly related to the employment activities of the trainees and usually given in their place of employment. Maglen categorize training into formal and informal. Informal training consists of learning by doing and guidance from colleagues during work and formal training has predetermined plan and format design and can be provided by external instruction or in house. Maglen (1995) further

classify training into general training whereby the training is designed to provide workers with skills and knowledge that are transportable between firms to the lesser or greater extent and specific training where the knowledge and skills acquired is limited to the firm.

Pearson et al (1996) undertook a study on work place performance and pointed out that training:

- a) Enhances access to and acceptability for further training
- b) Increases participation in teams and meetings
- c) Results in promotion and job flexibility
- d) Provides less tangible benefits such as improved morale and loyalty.

Patrick Laplagne et al (1999) undertook the study on the role of training and innovation in workplace performance and postulated the following that, training can benefit labour quality directly by equipping workers with greater skills, but also commitment and adaptability. This is supported by the findings of a recent survey of senior Australian executives, which concluded that companies implement a value system in their organization occurred via training programmes and through employees coaching, this was affirmed by overwhelming majority of senior executives.

Training may cause innovation as it was established that highly educated (trained) workers have a comparative advantage in adopting and implementing

new technology. They may also contribute more ideas to the production process (Patrick Laplagne et al, 1999).

Proponents of indigenous growth theory have argued that human capital is a driver of the production of new design and knowledge within the firm. Thus, there is available evidence that strongly supports the existence of causal relationships between training and innovation (Patrick Laplagne et al, 1999). The review of the literature discussed above give rise to the following hypothesis that cumulative training has a positive effect on labour productivity and empowerment and labour productivity growth.

Empirical review of training in Tanzania context shows that training is important in creating managerial capability, strengthening cooperatives and result into members empowerment which is crucial in the governance of cooperatives. Education and training to members of cooperatives is the key instrument to members' empowerment. The Moshi Cooperative College launched a Member's Empowerment in Cooperatives popularly known as (MEMCOOP) as a pilot project in 1996 and it was tested in Kilimanajro region. The approach entails designing and implementing training interventions to members of cooperatives through change agents. According to External evaluation report (2000) important changes have taken place which indicate that there are success in empowering the members of cooperatives, youth and women groups. According to the study

conducted by Mrs. Macha (2003) on “ Members empowerment in cooperatives: Project experience in Kilimanjaro region the intervention has resulted to the following:

- (a) The members have changed from complaints to Actions
- (b) The empowerment has resulted to building of new cooperative System
- (c) Empowerment has enhanced members’ participation and control
- (d) Membership in selected cooperatives in Rombo district has increased from 14,911 in 1995 to 22,967 in 1999 after MEMCOOP interventions (F.A. Macha 2003).

According to the study on the performance of agricultural marketing cooperatives in coffee procurement under free market done by Grace Maleko (2003), it was established that members empowerment is an effective tool to address the challenges of competition in business. The study indicated that the MEMCOOP interventions resulted to improvement of the performance of all cooperatives in Kilimanjaro region in collection of coffee. The 1997/98 collection statistics showed that the average coffee collection increased from 6.8 to 40.8 tons in Same district, 4.0 to 10.3 tons in Mwanga district, 34.1 to 96.2 tons in Rombo district, 37.9 to 65.8 tons in Hai district and 22.4 to 44.3 tons in Moshi Rural district (Ibid.).

Grace Maleko (2003) in her recommendations on what to be done in order to change the tarnished image of cooperatives in Tanzania pointed out the continuing empowering cooperative members through education and training. In so doing members can participate fully in decision making, plan their society activities, participate in identifying their problems and how to solve them, develop capacity in accessing resources, and patronize their societies. She further pointed out that through empowerment members could be innovative and search for new knowledge and alternatives and be able to engineer and manage the changes, be able to identify and search for services needed e.g. training, auditing and inspection. Members' empowerment could as well enable members to hold management accountable and demand answers and explanation from them, to analyze and assess their business performance and profitability. She concludes by saying that empowerment enhance members to be assertive, confident, transparent and enable them to accept criticism (Grace N. Maleko, 2003).

Margreth Msongazila (2003) in her research on gender inequality in cotton production and marketing cooperative societies pointed out that training in vocational, managerial and other cooperative related skills is of particular importance. Training for capacity and confidence building and attitude change is highly needed. This type of training prepares women for effective participation (Margreth Msonganzila, 2003)

The study conducted by a special presidential committee, which was appointed for advising the president on the strategies of reviving, strengthening and sustaining cooperatives, pointed out the key problem that contributed to the failure of cooperatives as inadequate education and training to members. Because of the inadequate education and training the members are not aware of their roles, fail to manage and control the affairs of their society and are not able to assess the performance of their cooperative. (URT, Ministry of Cooperative and Marketing, 2001). The study further pointed out that the failure of cooperatives is caused by inadequate training and competency to secretaries and managers of the societies and therefore unable to keep proper accounts (Ibid.).

In reviving, strengthening and sustaining the cooperative development, the special committee among other strategies postulated that there is an urgent need to strengthen cooperative education and training to members, leaders and staff of cooperative societies. However, the committee also underscored the benefits emanating from the cooperative awareness of the community and therefore it recommended that cooperative education and training should also be provided to the schools and colleges and the community at large. It was also recommended that the government and cooperative societies should allocate funds in its budget for provision of cooperative education to members, committee members and staff of the cooperative societies (Ibid.).

The special presidential committee also reflected the importance of building cooperatives with capacity to compete in the internal and external liberalized market. In order to achieve this the committee indicated the need to train management, leaders and members of cooperative societies on the business management skills relevant to liberalized market (Ibid.).

Okoso-Amaa and Mapima (1996) conducted a study on the technology transfer and acquisition of managerial capability in Tanzania whereby three industrial estates managed by SIDO in Dar es Salaam, Moshi, and Arusha were studied to establish the impact of Small-Scale Industrial Programme (SIP) to managerial capability. According to the authors managerial capability is defined as the knowledge, skills, experience, and training a manager has to perform management functions (Okoso, Amaa et al, 1996). The findings of the study reflected that the training conducted under Small-Scale Industrial Programme (SIP) enhanced the improvement of the managerial capability. “Our results indicated that the SIP enabled the SIP entrepreneurs to acquire additional capabilities in the managerial functions: production, marketing, financial management and control, and leadership” (Ibid.). The SIP focused primarily on developing production capability, which includes technical know-how, skills, and knowledge of machinery, equipment, and processes. Capabilities in the other managerial functions were either acquired tangentially or through hiring qualified personnel to meet the capability needs of the management teams (Ibid.).



The results of this study enabled the authors to postulate the following:

- i. Policymakers may have to emphasize the importance of including training in all technology deals. The essence of transfer is embodied in the acquisition of the knowledge and skills needed to operate or redesign acquired hardware. Without training and skill development, the transfer of technology may not be effective.
- ii. The training component should always address specific knowledge and skill deficiencies, which should be identified before a deal is drawn up (Ibid.).

John Rouse (1996) in his study in Tanzania on Rural People's Organizations in a Liberalized Market Economy: Recent FAO Experience postulated among of the solutions to resolve cooperative crisis as the re-orientation and re-training of existing cooperative /farmer organization managers and government officials. This is necessary so as to promote more participatory member-service-oriented approaches to strengthening farmer cooperative business performance (John Rouse, March 1996). In recognizing this problem the study indicated that FAO has assisted Tanzania in the field of Comprehensive Participatory Training Programme launched with FAO support by the Cooperative College of Tanzania at Moshi. This innovative training programme has resulted in the preparation of a new participatory training framework for teaching cooperative business development which has been based on experience gained within the FAO People's Participation Programme (PPP) project in the same country (Ibid.).

The study also reflected the weakness in accounting and bookkeeping systems for cooperatives in many African countries, which need strengthening, FAO has also recently launched an effort to improve that situation. A survey in Kenya, Uganda, the Gambia and Tanzania aimed at identifying the main deficiencies of current accounting and bookkeeping methods/techniques in the region has just been completed. This will serve as the first step in developing a more focused technical assistance programme for testing and introducing improved manual as well as PC-based systems of bookkeeping and accounting for use at primary and secondary levels (Ibid.).

Mshaweji Abdul (2002), in his report on the study of strategies to improve performance of TAZARA Mbeya Savings and Credit Cooperative Society recommended the need for the organization to prepare a comprehensive training programme for members. He further recommended that the organization should allocate funds in implementing the training activities in its budget and stressed that training is an effective strategy towards the improvement of the performance of the organization (Abdul Mshaweji, 2002).

### **2.3 Policy Review**

The policy framework which governs the operation of Savings and Credit Cooperative Society emphasize on the provision of training to members,

committee members and staff as the cornerstone for the improved performance of the organization.

Education, training and information is one of the seven cooperative principles accepted by the International Cooperative Alliance (ICA) the World Cooperative Apex organization. The world cooperative apex organization underscores the importance of training and emphasizes on the formulation and implementation of training programme at all levels of cooperative structure. The cooperative Society Act No. 20 of 2003 under section 3 of general provision states that “ Cooperative Societies shall be managed according to the ICA Cooperative principles which are:

- a) Voluntary and open membership;
- b) Democratic member control;
- c) Member economic participation;
- d) Autonomy and independence;
- e) Education, training and information;
- f) Cooperation among cooperatives; and
- g) Concern for community

The national vision for development 2025 underscores the importance of education and training to the community. One of the key objectives of the vision under overall goal of good governance and rule of law is “to create educated and

confident community which learns from its own experience and others and is able to identify and own development agenda”.

Under the Cooperative Societies Act the cooperatives at all levels are given power to formulate training programme and budget funds for its implementation in order to strengthen capacity of members, committee members and staff for assurance of improved performance.

In order to give guidance in the formation and operation of cooperative societies, the Ministry of Cooperatives and Marketing formulated a policy of cooperative development of 2002. Chapter six of this policy states that education and training is one of the cooperative principle which aims at bringing understanding to the members, leaders and staff in the accomplishment of their responsibilities to ensure that the community is aware on the cooperation. The policy further states that in consideration of the objective of creating awareness to members, committee members and staff so as to enable them to fulfil their responsibilities efficiently, the government will emphasize on the provision of good quality training for the following purposes:

- (a) To have leaders who are well trained and accountable with ability to supervise and control effectively the day to day operation of the cooperatives for the benefits of members and for the sustainability of cooperative movement and economic growth of the nation.

- (b) Provision of relevant training on management, business management skills and entrepreneurship to members, leaders and staff for the efficient provision of good quality services under the competitive economy.
- (c) To ensure that the community at large is sensitized on the importance and benefits to the members.

The Cooperative Societies Policy stipulates that the government will ensure that cooperative education and training is provided to the members in order to strengthen their capacity for effective participation and control. The policy emphasizes that the contents of the training programme of members should include business management, leadership skills and cooperation.

The National Micro Finance Policy of 2000 requires SACCOS to be supervised in accordance with prudential financial norms. In this regard training will enhance to build capacity to members, committee members and staff in order to manage and supervise in accordance with required best practices. National Microfinance Policy underscores the need of capacity building to the Micro Finance Institutions (MFIs). The policy states that “Most of the Micro Finance Institutions currently operating in the country are small and/or new and therefore a great deal of capacity building is required to bring them to the level at which they can operate with large outreach, quality services and profitable operations. Much of the capacity building will take place within the institutions through their

development system, training and building of management and governance capabilities. Efforts to train and build capacity will need to be centered on the standards earmarked to ensure application of best practices in running the MFIs. The government considers this area of capacity building as priority and the donors are encouraged to do the same”.

The by laws of the organization is one of the legal documents which provides direction for the operation of activities. One of the aspects which is strongly spelt out in the by laws is the regular formulation and implementation of training programme relevant to members, board members and staff. The by laws compel the organization to allocate funds in its annual budget to finance training events.

The organization is the affiliated member of the national apex organization known as Savings and Credit Cooperative Union League of Tanzania (SCCULT). The operating policy of SCCULT emphasize on the education and training of members, committee members and staff of SACCOS and it formulates annual training programme to cater for the needs of SACCOS who are members of the organization. However, the training programmes covers only for board members and staff and neglects the training of ordinary members.

Tanzania Federation of Cooperatives is the National cooperative highest body, which affiliates all types of cooperative societies in the country. An education

and training department is one of the key departments under this organization. The department is responsible to formulate and conduct training events to members, committee members and staff of the primary societies of all types. The organization is also broadcast a radio programmes, which is used to educate cooperatives and community at large. The policy of this organization underscores education, training and information as one of the cooperative principles accepted by International Cooperative Alliance (ICA) and therefore it should be practically implemented by designing and facilitation of demand driven training programmes by all cooperatives at all levels.

Cooperative College Moshi is an institution established by the government to provide both long and short term training to cooperators and the community at large on the management of cooperatives, this is the government efforts to enhance capacity strengthening of cooperatives. The Cooperative College is offering long term training of staff and leaders of cooperative and government staff who are working in cooperative development sub sector. It also provides long term training to other interested people who may in future work in the cooperatives or in cooperative support institutions.

The Cooperative College have wings in all regions in Tanzania mainland whose major role is to support cooperatives through designing and facilitating demand driven training events to members, committee members and staff of all types of

cooperatives. The broad policy of Cooperative College is to build member based cooperatives through capacity building of members, committee members, staff and the public by using comprehensive participatory training methodology. The college has launched an intervention training programmes to members, committee members and staff popularly known as Member's Empowerment in Cooperatives (MEMCOOP). The main thrust of MEMCOOP as provided in the policy is to empower members through enterprise development and governance. In order to ensure good governance MEMECOOP emphasize on training of members so as to enable them to effectively participate in decision making and control the affairs of their society for the social and economic well being of members. Enterprise Development in Cooperative (EDCOOP) is an approach for capacity building to members and communities to enable them to redesigning and/or formation of cooperative ventures that serves as facilities for providing shared services.

The concept advocates on the support of individual members to develop his/her enterprises more profitably through capacity building intervention. The concept presupposes that a portfolio of individual household owned enterprises that jointly require capacity enhancement through cooperative action and the cooperative entity emphasis is on improving profitability of individual member's enterprises (Cooperative College, 2003). The major emphasis on the capacity building of members under EDCOOP is to support individual members to



develop business plan, determine activities, which need cooperative action, put up organizational and institutional structures for fulfilling their needs and participate in implementation of enterprises and shared services level plans (ibid.).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Approach and strategy**

A survey was used as a major research approach and the following steps were followed in accomplishing the research:

- i. Initial contact to the organization
- ii. Familiarization meeting
- iii. Development of work plan
- iv. Designing, testing and administration of survey for assessment of training needs
- v. Data analysis
- vi. Development of training programme
- vii. Development of plan of implementation of training programme
- viii. Presentation of the training programme and timetable to the committee members and members of the organization for approval

##### **3.1.1 Initial contact**

A letter of introduction was written and delivered to the management of the organization and a positive response was given in the spot and agreed to prepare a work plan. Introduction letter is attached as annex 2.

##### **3.1.2 Familiarization meeting**

In order to have a common understanding of the collaboration a meeting was organized and attended by chairperson, Secretary, Treasurer and accountant. In this a brief introduction on the nature of the assignment was made and the role of

each party was made clear. A brief background of the organization was given and a focus group session was conducted and basic information of the organization was generated. During this meeting the chairperson of this organization admitted that, this assignment has come at a right time since they were looking on the possibility of developing a training programme for members, committee members and staff. It was featured out that the core problem of the organization is weak members' empowerment as there is no training conducted for members since the establishment of the organization.

### **3.1.3 Preparation of work plan**

In order to have common action plan a detailed work plan was developed and presented to the leadership of the organization and was used as a road map for the implementation of the assignment. The work plan is attached as annex 9. Using the skills and knowledge on project design enhanced to proper laying down the step following the project management cycle and the skills on the computer soft ware (Micro soft project) was used to prepare a work plan.

### **3.1.4 Carrying out the survey**

According to the work plan developed jointly with the Organization one of the strategies of enhancing members empowerment was through designing and facilitating capacity building programmes. However, in order to have training programme, which is finely tuned with the needs of the target group, it was

planned to carry out a survey in order to identify training needs and other basic profiles of the organization. Basically, the survey had the following objectives:

- a) Identification of training needs and therefore facilitating formulation of tailor made training programme
- b) To collect baseline data which could be used in assessment of the performance
- c) To acquaint myself on the best use of survey tool and analysis of qualitative and quantitative data.

### **3.1.5 The Research Design**

The survey design was cross sectional whereby the survey was conducted only once to the target groups of the organization. Unit of inquiry included members, board members and staff of the organization. Semi structured interviews guided by a questionnaire; observation, focus group discussion and study of secondary data were used as the basic instruments for data collection. The clustered or stratified random sampling method was used in was used in selecting the respondents whereby 3 (all) staff and 9 out of 11 committee/board members and 13 ordinary members of the organization were interviewed making the sample size of 25. This sample was adequate for generalization as the members have a common bond and needs and therefore perfectly homogenous. Using the knowledge and skills on survey design acquired from the course "*Project Design and management*" I managed to design and conduct a survey using relevant tools and instruments.

### 3.2.2 Data collection

Primary data was collected by using semi structured questionnaire, which was designed and administered to the respondents. The questionnaire contained both open and closed-ended questions designed for generation of both qualitative and quantitative data. In order to establish the relevancy and applicability of the questionnaire it was necessary to test it before its general administration; administering the questionnaire to three respondents enhanced this. The interview sessions using the questionnaire conducted reflected the following observations:

- (a) The questionnaire was too long and therefore consumed about two hours to administer.
- (b) Some questions were not relevant
- (c) Questions were not well framed and could lead to generation of complicated data

Basing on the results of the testing, the questionnaire was redesigned by eliminating and re framing some of the questions. Indeed the knowledge and skills acquired in the course of project design and management helped me in construction of an appropriate questionnaire. The questionnaire is attached as annex 4.

The administration of the questionnaire was by face to face interview where by I spent 30 minutes to interview one of the sampled respondents. Due to time constraints and the homogeneity nature of the population I decided to take 5% of

the population as my sample size, basing on the size of the population of 400 members my sample size was supposed to be 20 respondents. In this respect I managed to interview 3 staff, 9 board members and 13 ordinary members making a total number of respondents to be 25. The time spent to accomplish this task including the waiting time amounted to 20 hours. The itinerary is attached as annex 3.

The questionnaire formed an integral part of the instruments used for collection of primary data and it guided the process of conducting individual interviews with the leaders and members of the organization. However, other instruments like observation, focus group discussion were used in collecting primary data.

Study of documents was the key instrument used to collect secondary data. In generating secondary data the following documents were studied:

- a) Minutes of Annual general assembly for past five years
- b) Minutes of board meetings
- c) Financial reports for the past five years
- d) Constitution of the organization
- e) Cooperative societies Act and rules
- f) Savings and credit policies
- g) Audit report for the past five years
- h) Reports of different studies conducted

### **3.2.3 Data analysis and presentation**

Data processing and analysis was another step in the survey process whereby the collected data were organized to reflect the relevant information needed. Generally both quantitative and qualitative methods of data analysis were deployed to make data analysis and interpretation. Excel computer software was used to support data analysis and presentation. Basically descriptive statistics was used as major tool for data organization and interpretation. Simple frequency and cumulative tables were used to organize and present information. Text, tabular and graphical was used for presentation of information. In some cases data were analyzed and presented in percentiles. It is worth noting that the skills and knowledge acquired in the courses of Research and Evaluation Methods, Information Management Analysis and Presentation enhanced in the analysis and presentation of the project information. The summary of data analysis, which will be the basis of making some inferences and a guide in formulating the training programme of the organization, is attached as annex 5.

## CHAPTER FOUR

### FINDINGS AND RECOMENDATIONS

#### 4.0 Organization of the findings

Our findings will be analyzed basing on the following aspects:

- The operational and financial performance of the organization
- The performance gaps
- Identified training needs
- Proposed training programme and tentative time schedule.

#### 4.1 The operational and financial performance of the organization

In general perspectives the organization has reflected a positive trend in growth in terms of membership, savings mobilization, loan portfolio and profitability.

The records showed an increasing trend on the mentioned parameters and reflected improved performance in the operation of the organization.

##### 4.1.1 Products and services

The organization started with only one product but currently the organization is offering 7 different products, which gives more room for members to benefit.

About 100% of the people interviewed reflected that they have greatly enjoyed from the loans provided by the organization. Some have managed to build houses, some started economic activities, and some paid school fees to their children to secondary school up to university. The organization has already introduced bank services to its members and later on the services will be extended to the community at large.



#### 4.1.2 Membership

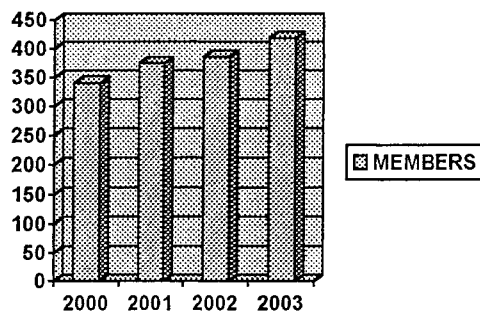
The organization had 123 members at the time of its formation in 1992 but the number has increased over time and currently the total number of members is 418 reflecting an increase of 340% over ten years period. The table and graph below depicts the trend of membership growth over the past four years:

**Table 1: Membership of the organization for the past four years**

Year	Died	Retired	Terminated membership	Joined	Total members	Percentage increase
2000	4		15	40	340	NA
2001	11		50	40	374	1%
2002	9		7	56	385	2.4%
2003	12	15	27	75	418	8.5%

Source: Annual Progress Report, 2003

**Graph 1: The trend of growth of membership**



Source: Annual Progress Report, 2003

#### 4.1.3 Management of the organization

The information gathered showed that, the organization is well managed as all legal meeting were conducted regularly as per the constitution. The general assembly was

conducted twice in the year 2003 and committee members met almost twice a month and the committees met regularly as entailed in the constitution. The members participated fully in the attendance and contribution in the meeting and all decisions were made democratically. 84% of the members interviewed affirmed that the general assembly were conducted twice in 2003 and were satisfied by the way the meeting were conducted.

#### **4.1.4 Record keeping**

The detailed study of the documents and the interview of the accountant, bookkeeper and cashier indicated that the organization has adequate competency in keeping of accounts. All necessary books of accounts were well and timely written and accounts were closed in time and submitted for external audit. At the time of conducting this survey the accounts of the organization for 2003 were already audited ready for presentation in the general meeting. The Organization has employed qualified accountant who is dedicated and committed in his work and the committee members have been very close in the supervision of the performance of the personnel. The status of record keeping of this organization has also been recognized and the organization has been ranked among the best five SACCOS nationally in record keeping.

The status of record keeping and preparation of financial statements is as presented in tables 2 and 3.

Table 2: AVAILABILITY OF RECORDS

TYPES OF RECORDS	AVAILABLE	NOT AVAILABLE	REMARKS
<b>Non accounts records</b>			
Action /operation/work Plan		√	
Business plan		√	
Budget	√		Well prepared
Strategic plan		√	
Progress report	√		Well written
Constitution	√		Not up to date
Cooperative Societies Act and Rules	√		
Cooperative Development Policy		√	
National Micro Finance Policy		√	
Rules and procedures	√		
Savings and Credit policies	√		
Membership register		√	
Minute book		√	
Membership application form	√		
Loan Application form	√		
Files for general correspondences	√		
Personnel policy	√		
<b>Account Records</b>			
Books of original entry	√		Well written
Daily collection book	√		Well written
Journal	√		Well written
Fixed Assets Register		√	
Individual ledger card	√		Well written
Receipts and Payment book	√		Well written
General Ledger	√		Well written

**Table 3: Preparation of financial statements**

Type of financial statement	Prepared	Not prepared	Remarks
Trial Balance	√		Well prepared
Income and expenditure Account	√		Well prepared
Cash flow statement	√		Well prepared
Balance sheet	√		Well prepared
Appropriation	√		Well prepared
Loan Portfolio		√	

#### 4.1.5 Resource mobilization

For the past five years the Society has mobilized resources from its members in terms of savings, shares and deposits as shown in the table 2 below:

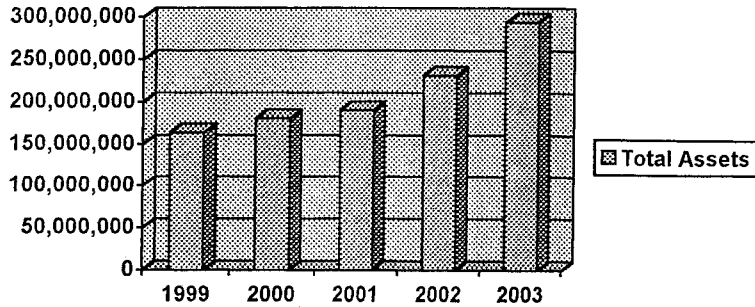
**Table 4: Trend of growth of the organization in terms of assets, savings, deposits and shares**

Year	Total Assets	Loans		Savings		Reserves		Shares	
		Amount	Trend in %	Amount	Trend in %	Amount	Trend in %	Amount	Trend in %
1999	163,353,703	68,659,364	100%	151,588,730	100%	7,941,759	100%	-	-
2000	189,379,972	104,574,194	158%	168,771,702	111%	9,029,080	114%	-	-
2001	190,481,889	133,377,806	194%	176,969,803	116%	9,957,185	125%	-	-
2002	230,917,370	157,295,009	229%	180,569,946	119%	12,982,101	163%	30,785,505	100%
2003	294,138,517	198,748,394	289%	218,434,735	144%	15,915,737	200%	39,674,426	129%

Source: TAMBESACCOSO Financial statements 1999,2000,2001,2002 and 2003.

The trend of assets growth is graphically presented in graph 2

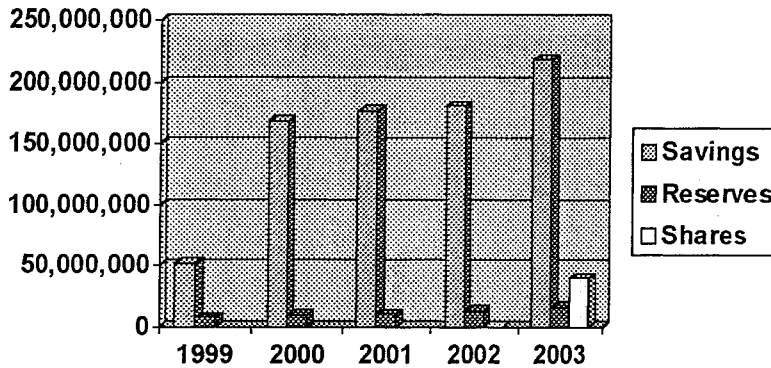
Graph 2: Trend of Assets growth for the past five years



Source: TAMBESACCOSO Financial statements 1999,2000,2001,2002 and 2003.

The resource mobilization in terms of savings, reserves and shares are presented graphically as follows:

Graph 3: Trend of Resource mobilization

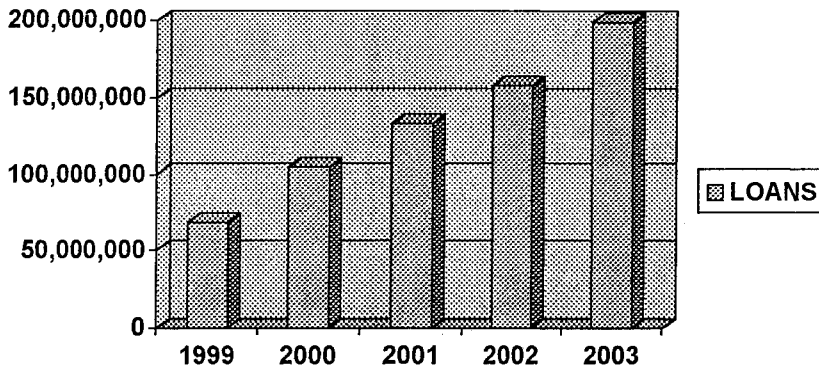


Source: TAMBESACCOSO Financial statements 1999,2000,2001,2002 and 2003.

Resources mobilization in terms of shares, savings and deposits have increased over the years showing an increased capacity to provide loans for undertaking business activities.

The Society has also provided short and long term loans to its members as shown in graph 3.

**Graph 4: Long and short term loans provided by the organization**



AMOUNT	68,659,364	104,574,194	133,377,806	157,295,009	198,748,394
--------	------------	-------------	-------------	-------------	-------------

Source: TAMBESACCOSO Financial statements 1999,2000,2001,2002 and 2003.

About 90% of loans provided were earmarked for development activities and were used to undertake business activities such livestock keeping, poultry keeping, purchase and installation of milling machines, Purchase of mini bus, installation and operating of internet cafe. The society has other products such as loan for school fees, salary advances, loan for acquisition of properties, etc.

The statistics has shown an increased trend of provision of loans to members for the past five years as shown in the graph indicating the increased demand for financial services.

#### 4.1.5 External resources

The organization has also acquired credit from CRDB bank amounting to 24,000,000 and SCCULT amounting to 10,000,000. This amount was used to increase the loan portfolio of the organization and therefore improved its capacity to offer loans to its members.

#### 4.1.6 Profitability of the organization

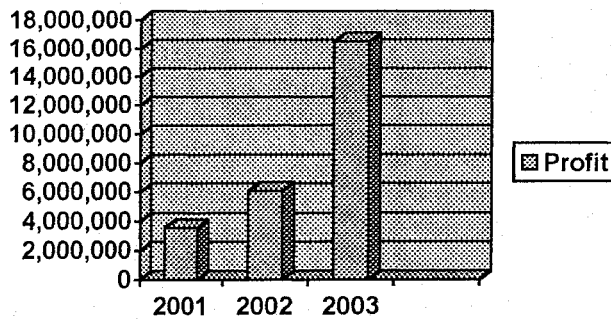
Basically the organization is providing loans and charging sustainable interest rate, which is the core source of revenue of the society. The record showed a steady increase of profit over years as indicated in the table 4 below.

**Table 5: Trend of profit generated by the organization for the past three years**

YEAR	2001	2002	2003
PROFIT	3,554,901	6,050,335	16,497,235

The profits generated for the past three years are presented graphically in graph 5

**Graphh 5: The profits generated for the past three years**



#### **4.1.7 Training conducted**

The organization in collaboration with its Apex Organization have organized and facilitated various capacities building programmes to the management. These training programmes covered various topics such as record keeping, leadership, financial management, and application of monitoring tools. The secretary, treasurer chairman, accountant, bookkeeper, cashier and some committee members participated in these training. However, some of the committee members have not attended any training and therefore lack skills for micro finance best practice. The study revealed that no training has been conducted to ordinary members since the inception of the organization and therefore undermines their performance in the management of the organization and the application of loans provided. 96% of the respondents asserted that no training have been provided to the members but only leaders have enjoyed the training services and this has created a gap between leaders and ordinary members. The basic qualification of the staff and committee members together with the training provided have created adequate competencies to them to carry out their duties effectively and efficiently and this has very much contributed to the good performance of the organization.

#### **4.1.8 Achievement of the organization**

The survey revealed the following as the major achievements of the organization:

- a) Building capacity for internal capital mobilization: This was affirmed by about 80% of the people interviewed.



- b) Capacity of the organization to provide timely good quality services: This fact was underscored by 100% of people consulted and they were happy and satisfied with services provided.
- c) Good record keeping has built confidence to the members on the security of their money. The organization is one of the best five SACCOS in Tanzania, which were ranked high in the maintenance of good accounting records.
- d) 100% of the people interviewed claimed to benefit very much from the loans taken as it enhanced them to solve both social and economic problems. as some of them have used the loans to pay school fees for their children up to form six, some have used the loans to build houses, some have used the loans to undertake business activities and some have used the loans to acquire motor cycle/vehicle.

#### **4.1.9 Problems faced by the organization**

- i. Inadequate education to members has contributed to the mismanagement of the loans offered and therefore created an extra burden to the family as loan repayment was effected without realization of any benefits to the loan. This fact was affirmed by 100% of respondents.
- ii. Inadequate training to committee members has limited them to champion effective strategies for commercialization of the organization. This was asserted by 25% of the people interviewed.
- iii. Failure of the employer (TAZARA) to submit loans deductions from employees' salary to the SACCOS. This have eroded the loan portfolio and limited the capacity

of the organization to provide loans. This was the outcry of 50% of the people consulted.

- iv. Committee members to make decisions without the consultation of members was observed by 25% of the respondents as a snag as it undermines the authority vested to the members as the highest authority in the organization.

#### **4.1.10 Performance gaps**

Having analyzed the survey data the following performance gaps were reflected:

- (a) Lack of members' empowerment due to inadequate education has resulted to ineffective control and management of the organization. The survey unveiled that no micro finance training programme was conducted to members since the inception of the organization. The members lacks micro finance best practice and business skills and this limit them to tape potential business opportunity and exercise best practice in credit/risk management. This was substantiated by the fact that 52% of the respondents interviewed asserted that they have attended one or more training related to the micro finance practices and 48% have never attended any training. Worse enough is that out of 52% attended 48% are committee members and staff and only 4% are members reflecting that 96% of members have never attended any training. The training conducted only tailored to staff and committee members leaving members unaware.
- (b) Constitution is an important legal instrument, which guide and safeguard the operation of the organization and therefore should be clearly known by all

members. However, the survey reflected that members are completely unaware on the contents and application of the constitution. Only 20% of the respondents were conversant with the contents of the constitution leaving 80% in darkness.

- (c) Financial statements are meaningful if are well analyzed and interpreted. The thorough study of financial records conducted in the survey revealed that, the financial ratios are not calculated and the committee members and ordinary members lack the skills for calculation and proper interpretation of financial ratios and therefore limit them to assess the financial performance and condition of the organization.
- (d) Lack of financial linkages has limited the organization to have an access to broader sources of financial services. This has resulted to the organization to face liquidity problems and therefore failure to satisfy financial needs of its members.
- (e) The catchment area of the organization has limited them to broaden its clientele. The organization only serves the staff of TAZARA and the surrounding community is not in the catchment area of the organization and this its capacity to mobilize resources in terms of savings.
- (f) The best practices of micro finance entail the preparation of portfolio report for proper management of loan portfolio. The study of financial records, which was conducted during this survey, revealed that the organization does not prepare portfolio report.

(g) The study failed to establish vividly the method used to calculate interest rates on the products offered by the organization. It was therefore difficult to assess whether the interest rates are sustainable or not, this left doubts whether the management has the capacity to calculate sustainable interest rates.

(h) Although, the organization is having computer facility all committee members are not computer literate and therefore limit them on the effective utilization of information technology.

#### **4.1.11 Recommendations to address the performance gaps**

The above performance discrepancies may be resolved by doing the following:

- a) Designing and facilitating training programme to members on the best practices of micro finance, interpretation of constitution, basic concepts of cooperation, credit/risk management, business management and entrepreneurship.
- b) Designing and facilitation of training programme to committee members on the best practices of micro finance institutions, calculation and interpretation of financial ratios, calculation of sustainable interest rates, mobilization and promotion skills, business management and entrepreneurship and basic computer skills.
- c) Designing and facilitation of training to staff of the organization on the calculation and interpretation of basic financial ratios, calculation of sustainable interest rates, preparation of portfolio report, front office management, customer care and basic computer skills.

- d) Facilitating financial linkages to both banking and non-banking financial institutions.
- e) Broaden catchment area by mobilizing the community at large to make savings and not limiting to only TAZARA staff. This will also entail the revision of the constitution to accommodate the changes needed.

## CHAPTER FIVE

### IMPLEMENTATION OF RECOMMENDATIONS

#### 5.1 Designing Training Programme

The assessment of training needs which was done through asking questions, study of records of the organization and the ranking of different proposed training modules enhanced the identification of relevant training needs for members, committee members and staff of the organization. Using the knowledge and skills acquired in the course of micro enterprise development, accounting and financial management and my own background I managed to enumerate contents of each training modules identified and a detailed training programme was developed. The training encompassed training modules for key target groups of the organization i.e. members, committee members and staff.

##### 5.1.1 Training of members

Major efforts will be put to the training of members in order to empower them to own and control the operation of their organization. The members have never had an opportunity for training since the inception of the organization. In order to have a strong leadership we need to strengthen management capacities of the members. The training programme for members will base on the training needs generated in the survey as summarized in table 6:

**Table 6: Summary of weighted scores of training modules for members**

Training Module	Weighted Scores	Percentage	Rank
Business Management	47	24%	1
Rights and Responsibilities of Members	38	20%	2
Principles of Management	20	10%	3
Leadership skills	18	9%	4
Entrepreneurship	17	8%	5
Interpretation of Constitution	15	8%	6
Credit/Risk Management	13	7%	7
Communication skills	11	6%	8
Decision Making	10	5%	9
Cooperative concepts	6	3%	10
<b>Total scores</b>	<b>195</b>	<b>100%</b>	

Basing on the assessment as shown in the table above the training programme for the following subjects will be designed and conducted to members of this organization:

- Business management which will also include entrepreneurship
- Leadership skills: this subject will combine four sub topics, which are leadership skills, principles of management and rights and responsibilities of members and interpretation of constitution

The training of members will therefore be comprised of two training modules i.e. business management and leadership skills. The training will be implemented on module basis whereby the second module will start after accomplishment of the first module to all participants.

The training will involve 120 members in the first year of the project i.e. up to December 2004. The participants will be grouped into a class of 40 participants. While the business management module will require 24 hours the leadership training module will require 15 hours to be accomplished. During the survey it was established that members are willing to start at 4.00 p.m. and end at 7.00 p.m. and therefore three hours will be available daily. In this respect the business management module can be covered in 8 days and the leadership module can be covered in 5 days for a class of 40 participants. The overall time needed to accomplish training modules for all 120 participants is estimated at 72 hours for business management and 45 hours for leadership.

It is worth noting that the training programme was presented to all committee members for discussion and comments and the Revised Version was presented to the general assembly and approved before its actual implementation. The detailed training programme is attached as annex 7.

#### **5.1.2 Training of committee members**

Although the committee members have attended various training and exchange visits the survey indicated performance gaps, as a result of weak management capacity was noted. In order to bridge the gap of performance committee members will also be trained in certain specific aspects as summarized in the training needs analysis in table 7



Table 7: Summary of weighted scores of training modules for committee members

Training Module	Total weighted Scores	Percentage	Rank
Leadership skills and principles of management	35	26%	1
Interpretation of financial statements	22	16%	2
Computer skills	20	15%	3
Cooperative concepts	13	10%	4
Strategic Planning	11	8%	5
Business Management	10	7%	6
Entrepreneurship	6	5%	7
Credit/Risk Management	7	5%	7
Interpretation of Constitution	4	3%	8
Decision Making	7	5%	9
Total scores	135	100%	

Basing on the assessment as shown in the table above the training programme for the following subjects will be designed and conducted to committee members of this organization:

- a) Leadership skills and principles of management which will also include cooperative principles and strategic planning.
- b) Interpretation of financial statements: The training of committee members in interpretation of financial statements will be combined with the training of staff in financial management which encompass calculation and interpretation of financial ratios as the core subject. The combination of these

two modules will save time and will be more economical as the number of participants will be 14 rather than 3 for staff and 11 for committee members if the training is carried out separately.

- c) Computer skills: They will be linked to computer training providers and will learn various programmes such as Microsoft word, Microsoft Excel and Internet accesses.

The training of committee members will therefore be comprised of three training modules i.e. leadership skills and principles of management, Interpretation of financial statements and computer skills. The training will be implemented on module basis whereby the second module will start after accomplishment of the first module to all participants. While Leadership skills and principles of management module will require 18 hours, the interpretation of financial statement module will require 10 hours to be accomplished.

During the survey it was established that members, committee members and staff are willing to start at 4.00 p.m. and end at 7.00 p.m. and therefore three hours will be available daily. In this respect the first module will be covered in 6 days assuming 3 hours effective training time and the interpretation of financial statements module will need 4 days of effective training of 3 hours. The time needed for computer training will depend on the programme to be studied and the conditions of service providers. It is worth noting that the training programme was presented to all committee members for discussion

and comments and the Revised Version was presented to the general assembly and approved before its actual implementation. The detailed training programme is attached as annex 7.

### 5.1.3 Training of accountant, bookkeeper and cashier

Although the staffs have attended various training and exchange visits which has enhanced proper record keeping the survey indicated other training needs. The staff themselves reflected the need to be trained in certain aspects as summarized in table 8.

**Table 8: Summary of weighted scores of training modules for accountant, bookkeeper and cashier**

Training Module	Total weighted Scores	Percentage	Rank
Bookkeeping best for Micro Finance Institutions	13	29%	1
Computer skills	11	25%	2
Delinquency Management	8	18%	3
Financial Management	4	9%	4
Strategic Planning	4	9%	4
Entrepreneurship	2	4%	5
Budgeting	2	4%	5
Appraisal of loans	1	2%	6
Leadership skills and principles of management	0	0%	7
Product Development	0	0%	8
Total scores	45	100%	

Basing on the assessment as shown in the table above the training programme for the following subjects will be designed and conducted to accountant, bookkeeper and cashier of this organization:

- a) Bookkeeping best for Micro Finance Institutions: Only cashier and bookkeeper will be involved in this training as the accountant is overqualified to the post and therefore more advanced programme is needed for him.
- b) Computer skills: They will be linked to computer training providers and will learn various programmes such as Microsoft word, Microsoft Excel and Internet accesses.
- c) Delinquency Management will be combined with strategic planning
- d) Financial Management: To be also attended by committee members

The training of staff will therefore be comprised of four training modules i.e. Bookkeeping, financial management and delinquency management and strategic planning and computer skills. The training will be implemented on module basis whereby the second module will start after accomplishment of the first module to all participants. The training will involve 3 staffs and in case of financial management, committee members will also attend. The bookkeeping module will require 18 hours, financial management will need 12 hours, and delinquency management will need 6 hours to be accomplished.

During the survey it was established that members, committee members and staff are willing to start at 4.00 p.m. and end at 7.00 p.m. and therefore three hours will be

available daily. In this respect the first module will be covered in 6 days assuming 3 hours effective training time and the financial management module will need 4 days and the third module will need 2 days of effective training of 3 hours to be covered. The time needed for computer training will depend on the programme to be studied and the conditions of service providers. As it was the case to training programme for other target groups, this training programme was presented to all committee members for discussion and comments and the Revised Version was presented to the general assembly and approved before its actual implementation. The detailed training programme is attached as annex 7.

## **5.2 Approval of Training Programme**

In order to make the training programme legitimate and reflect the sense of ownership by organization a meeting of all committee members was organized and conducted on 9<sup>th</sup> August 2004 and was attended by 10 out of 11 committee members. The meeting deliberated on the following issues:

- i. The relevancy of the contents of the training programme
- ii. The timetable for the training
- iii. Logistical arrangement for the start of the training

The following were resolved in the meeting:

- a) The training programme was approved without any adjustment

- b) It was agreed that committee members and staff of the organization should also attend the training of members in business management.
- c) The training of members in business management and entrepreneurship should be organized into three batches of 40 participants. In each batch one staff, three committee members and 36 members should attend.
- d) The training of 120 members in business management should be accomplished before the 31<sup>st</sup> December 2004. The remaining training modules to be implemented in year 2005. The timetable for the remaining training was adjusted accordingly.
- e) The venue of the training to be at Cooperative College classroom
- f) The facilitator (student) should provide classroom, all training material except notebook and pen for the trainees.
- g) The organization should pay each participant 1500/= per day to cater for fares and purchase of notebook, pen and photocopy cost on the handout to be produced.
- h) The training should start at 4.00pm and end at 7.00pm and conducted for 7 days

Having the training programme approved by the committee members it was then presented in general assembly where it was unanimously approved.

### **5.3 Implementation of the training programme**

#### **5.3.1 General overview of the training**

5.3.2

During the year 2004 two training events were organized and conducted, all this events were training of members in business management and entrepreneurship. The general objective of the training was to improve the capacity of members in business skills so that they can initiate and run business activities and trigger off wise borrowing and repayment from their Society. The training of members of TAZARA Savings and Credit Cooperative Society in business management is one of the training components of the training programme developed after conducting a thorough training needs assessment. According to the training programme the target was to conduct 3 training session and train 120 members in business management but due to time constraint I managed to conduct two sessions. This training was conducted in two sessions of five to seven days and in each day the effective training time was 3 hours. While the first session was conducted for seven days, the second session was conducted for five days.

#### **5.3.2 Participants and time frame**

In the first session a total of 36 participants attended the training and in the second session a total of 24 participants attended making a grand total of 60 participants for both sessions. The training was conducted at Cooperative College classroom the venue which was offered free by the trainer. For more details on the participants refer to table one.

**Table 9: Number of participants and timeframe for the training of members  
in business management**

Session	Timeframe	Number of participants			Effective training time	
		Female	Male	Total	Days	Hours
1	3 <sup>rd</sup> September to 8 <sup>th</sup> September 2004	1	35	36	7	21
2	20 <sup>th</sup> December to 24 <sup>th</sup> December 2004	0	24	24	5	15
	<b>Total</b>	1	59	60	12	36

### 5.3.3 Methodology used in the training

In facilitating the training a combination of participatory training techniques were used which included brainstorming, group discussion, presentation, plenary discussion, buzz groups, experiential sharing, case study, role play and energizers.

### 5.3.4 Contents and facilitation of the training

The following were thoroughly presented and discussed:

#### a) Entrepreneurship

- i. Definition
- ii. Qualities of entrepreneur
- iii. Problems of entrepreneurs
- iv. Reasons for success and failure of business



**b) How to develop and operate a business**

- i. Steps of initiation and operating the business
- ii. Key principles of business
- iii. Pricing

**c) Marketing**

- i. *Six P's of marketing*

**d) Record keeping**

A simple and relevant accounting system to micro entrepreneurs was discussed in this subject.

The following records were enumerated and demonstration was done on how to write them:

- I. Revenue book
- II. Book for recording expenses
- III. Book for debtors
- IV. Book for creditors
- V. Stock record book

**e) Development of Business plan****f) Measuring the financial performance of the business**

- I. Trading account
- II. Profit and loss account

The facilitator used the skills and knowledge derived from the following courses in designing the contents, development of training materials and facilitation of this training:

- I. Micro Enterprise Development: aspects of entrepreneurship and business planning
- II. Financial accounting: record keeping
- III. Financial Management: financial statements
- IV. Development Finance: best practice of micro finance Institutions

### **5.3.5 Training materials and other logistical arrangement**

The facilitator ensured the availability of the following training materials as his contribution to the training:

- a) Flip chart
- b) Flip chart stand
- c) Manila cards
- d) Masking tapes
- e) Marker pen
- f) One copy handout

The facilitator also provided classroom for the whole duration of the training.

The host organization provided a token allowance of 1500/= per day to enable participants to pay for fares, notebook, pen and photocopy for the handout. The organization spent almost 500,000/= as the contribution to this training.

### **5.3.6 Evaluation of the training**

At the end of the training every participant filled a well-structured evaluation form which contained various questions geared towards assessing different parameters of the training. The evaluation analysis reflected that the training was very well organised and conducted as this fact was argued by 74% of the participants. The evaluation showed that objectives of the training were highly achieved as 80% of the participants asserted that the objectives were highly achieved and 20% assessed the achievement of the objectives as moderately. The evaluation showed that 100% of the participants achieved their expectations from the training. As far as the competency of the facilitators is concerned in terms of mastery of the subject matter and application of the methodology is concerned, majority of the participants appreciated the facilitation process. While 91% of the participants rated the facilitator as very good in terms of mastery of subjects, 9% rated him as good. The training methodologies applied were rated by 70% of the participants as very participatory and 30 assessed the methodology used as participatory. 57% of the participants evaluated the training as very relevant and 43% rated the training as relevant. The detailed proceeding of the training is attached as annex 8.

### **5.3.7 Follow up and evaluation of the training**

After accomplishment of the training activities follow up will be made to assess the level of application of the skills acquired from the training. In order to assess

the impact of the training an evaluation will be conducted after elapse of reasonable time after the accomplishment of the training programme. This exercise will not only assess the impact but also facilitate the identification of new training needs and hence formulation of another training programme. The timing of this exercise will be decided jointly by the leadership of the organization.

#### **5.4 Conclusion and general recommendations**

The project assignment was very well accomplished and this was because of the cooperation I received from the host organization. The work was very challenging and interesting and I tried my level best to lay one of the stone of the development of the organization and other builders will come and continue with the construction. I have learnt a lot in the process and the host organization also learnt a lot from the intervention process. It was a good opportunity to apply knowledge and skills acquired from the CED Master's Programme and basically all courses were very relevant to the designing and implementation of this project. However in order to sustain the process I would like to make the following recommendations:

- e) The organization should carry out the impact of the training after the accomplishment of the training in order to establish the impact of the training and analyze the new training needs and develop a training programme.
- f) The organization should explore on the strategies of establishing effective linkages with the financial institutions in order to access to funds in order to

enhance its capacity to provide credits to its members. The organization should also work out strategies of linking their members who develop viable projects to the financial institutions for borrowing.

- g) More outreach is needed in order to have more access to financial resources. The organization should not limit itself with the membership of TAZARA staff but should increase its catchment area to include business community around. However this will be possible if efforts are taken to develop more products which will cater the needs of the business community, members and other clientele.
- h) Financial intermediation framework should be studied carefully to establish its profitability to the organization before it become operational. More efforts should be put on the internal mobilization of resources in terms of shares, savings and deposits.
- i) The bank services which is already offered to the members should be extended to the business community to attract savings and enrich its loan portfolio to enhance capacity to offer credits to the members for investment in business ventures.
- j) Training programme should move beyond one time workshops to a combination of training and sustained technical support. Successful training must include the active participation of participants through experiential learning and the long term support of the participants as they work to implement business activities.

- k) Collaboration of the organization with the consultant to be prolonged so as to accomplish the remaining training activities as per training programme.
- l) The student who will be attached to work with CBO in future to undertake monitoring and provide backstopping to ensure proper management of business activities established by those trained.

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