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Contribution of Savings and Credit Co-operatives Societies Services on Members' Household Income-poverty Reduction in Rural Tanzania: A Case of Selected SACCOS in Moshi Rural District, Kilimanjaro, Tanzania

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Abstract:

This paper adopts a cross sectional research design to assess the contribution of SACCO's services on members' income-poverty reduction in Moshi rural district with emphasis on savings, credits and training services. To achieve the objective of the study, three SACCOS in Moshi rural district were selected with a total of 175 respondents using Cochran's (1977) formula. An open ended questionnaire was distributed to each member and the data collected were analyzed using descriptive statistics and linear regression model. Findings revealed that, services especially small credit services offered by SACCOS have higher contribution on household income-poverty reduction, members benefit from SACCO's services in several ways including: meeting household expenditure, enhancing business establishment, financing agricultural activities. However, trainings are rarely provided by SACCOS on proper utilization of the credits provided to members. The study recommends that, SACCOS should offer services in respect of members need which help members to access financial services and reduce income-poverty.

Keywords: Household income-poverty, credits, savings and credit co-operative societies

1. Introduction

1.1. Savings and Credit Co-Operative Societies in Tanzania

In many years, Savings and Credit Cooperative Societies (SACCOS) in Tanzania have been at the heart of the development communities through the motivation to make available financial resources based on the community's own resources, i.e., member savings. The safe recycling of this money into the community's activities makes a significant impact to the development of the individual members and improves the well-being of the community in general. According to the study conducted by Development International Desjardins (2002) revealed that most of the respondents prior to the arrival of the SACCOS in their community, had no access to a formal savings and credit system which led to extreme income-poverty. The instituting of SACCOS in Tanzania brought not only an alternative but also a new possibility to have access to the quality and control of financial service which enhance income-poverty reduction (Ibid).

The first SACCOS in Tanzania was formed in early 1930s by the Ismailia group in Moshi town in which the idea spread and Catholic Church picked up the idea and the late Cardinal Laurian Rugambwa (by then Bishop) visited Michigan Credit Union in USA in 1958 to learn more about credit unions and their operations. The movement resulted to the formation of more credit unions (SACCOS) in the country which gave rise of the establishment of Savings and Credit Co-operative Union League of Tanganyika (SCCULT) as a national organization which was registered in 1964 (ICCE, 2014). SACCOS kept on increasing as a result of meeting members' needs. In the year 2010 to 2011 SACCOS has increased from 5,314 to 5,346 respectively (URT, 2012). Membership also has grown by 6.7% reaching 970,665 from 917,889 in the year 2011 and 2010 respectively. The amounts of shares, savings and deposits by members have also increased from TZS 236.8 billion to 399.0 billion in the year 2010 to 2011 respectively. Loans issued to members increased from TZS 539.2 billion to TZS 627.2 billion in the year 2010 and 2011 respectively which is equivalent to 16.3% increments (Anania and Gikuri, 2015). They increased to 5,559 in March 2013 whereas the numbers of members were 1,153,248 and amount of shares, savings and deposits were TZS 463.5 billion. Basically, the achievement and continuous increase of the number of SACCOS as well as shares, savings and deposits is fostered by the services provided by them to their members with the aim of mitigating income-poverty.

It is clearly that commercial banks are reluctant to extend their services to rural areas where low income earners are mostly found and hence the gap left by commercial banks in the rural areas is filled by informal financial enterprises and SACCOS (Chijoriga, 2000). In this case, SACCOS plays an important role in providing financial services to the rural communities at affordable costs.

Government creates conducive environment for SACCOS to operate by enacting laws and regulations such as Co-operative Society Act No. 6 of 2013, Savings and Credit Co-operative Societies Regulations of 2014 and Co-operative Societies Regulations of 2015 to enable development in the sector and recognizing that even the very poor can save and reduce income-poverty among them. These efforts have motivated many SACCOS to be formed in rural areas and bring the services closer to the rural poor such as savings, credits, money transfer and trainings. Therefore this paper is aiming at assessing the contribution of services provided by SACCOS to members 'household income-poverty reduction agenda.

1.2. Overview of Income-Poverty Issues in Tanzania

The government of Tanzania has established and adopted various strategies and programmes to combat poverty especially in rural areas. One among the strategies was to pay attention to SACCOS since they are closely linked to the community at the livelihood level. Microcredit programmes have been progressively increasing; however there is no evidence regarding the ability of these microcredit programmes to sustainably reduce income-poverty among rural poor (Anyelwisye, 2007). According to Kopoka, (2006) argued that poverty level is high and would be getting worse especially in rural areas compared to urban areas. Despite of increase of SACCOS in different areas in Tanzania, little has been done to measure the impact of services provided by them to the community particularly on income-poverty reduction.

Finscope report, (2013) showed that 38.7 percent of the rural Tanzania mainland population uses informal and semi-formal financial services such as SACCOS while 34.4 percent doesn't use either of the aforementioned means of financial services. Also despite of increase in GDP in recent years in Tanzania, the living standard of most of the people are significantly declining whereby the rural community is mostly affected. In Moshi rural district, despite of availability of SACCO's organizations, about 60 percent of the people are generalized as absolute poor failing to meet their fundamental needs (URT, 2014). This brings some contention in assessing the contribution of services provided by SACCOS on household income-poverty reduction in the rural community.

2. Literature Review

2.1. Concepts and Theories of poverty

In pure economic terms, income-poverty is a situation that occurs when a family's income fails to meet an established threshold that differs across countries (World Bank, 1997). In most cases poverty is defined in either absolute or relative terms. Absolute poverty measures poverty in connection to cash Significant to meet essential needs such as food and shelter as well as clothes. The concept of absolute poverty is not concerning with wide ranging quality of life issues or with the complete level of dissimilarity in the rural societies. The concept therefore fails to identify that individuals have significant social and cultural needs. This, and similar criticism led to the introduction of concept of relative poverty which defines poverty in relation to the economic status of the other member of the community. Individuals are poor if they fall below fundamental standards of living in a given societal context (UNESCO, 2015). Thus, an imperative criticism of both concepts (absolute and relative) is that they are largely concerned with income and consumption (Marburg, 1996). The services provided by SACCOS in the rural community particularly credits are expected to fill this gap.

2.2. Individualistic Theory of Poverty (ITP)

Individualistic theory of poverty (ITP) which was introduced by sociologist Herbert Spencer addresses that income-poverty is caused by individual deficiencies. He argued that poor are lazy and those who do not want to work and save should not be allowed to eat. This goes in line with argument by Bradshaw, (2000) that income-poverty is caused by cumulative and cyclical interdependencies. Myrdal (1957) argued that individual and their community have been included in the community problems and those problems dominates and hence closes other opportunities and create set of problems that makes any effective reaction nearly impossible (Bradshaw, 2000). The establishments of SACCOS in different rural communities are expected to remove cyclical interdependencies and bring economic impact to the societies and household.

2.3. Nurkse's Model of Vicious Cycle of Poverty (VCP) and Economic Growth

Nurkse (1971) in his model argued that, it is vicious cycle of poverty (VCP) which is in control for the backwardness of the underdeveloped and developing countries like Tanzania especially in rural communities. This implies that a circular collection of forces are tending to react in such a way as to keep a country in deficiency state which as a result capital formation becomes obstructed and constrained (Nurkse, 1971). This impliedly causes income poverty to persist and hence the rural community lacks small loan facilities to meet their fundamental and development needs. The model shows the supply side and demand side which completes the cycle. The cycle starts with low real income which results into meager savings which in turn will lower investment. Lower level of investment would create deficiency of capital which in second round leads to lower productivity which will again result to low income and therefore will end up with lower development and income-poverty as shown in figure 1 below:

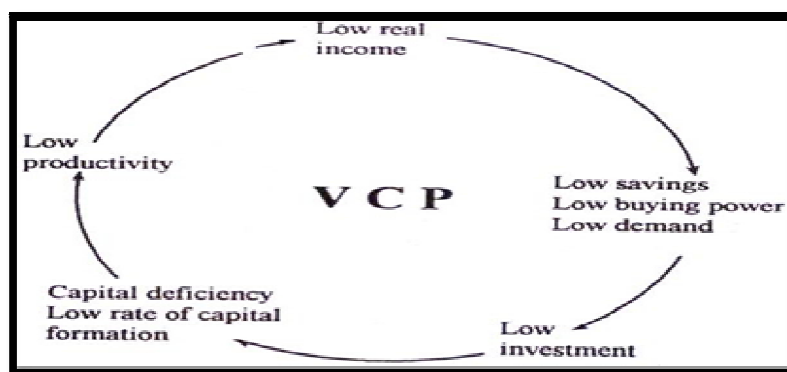


Figure 1: Nurke's Vicious Cycle of Poverty

2.4. Poverty Level in Tanzania

Tanzania still remains among the poorest countries in the world. This is based on various criteria which includes monetary indices like gross domestic product (GDP), Gross National Product (GNP), per capita income and population living on less than 1US\$ aday. It was found that in 2001 more than one third of the Tanzania population could not satisfy their fundamental needs whereby 18 percent couldn't afford to attain food requirement for healthy living (URT, 2002). Similar observations are also made by other scholars and practitioners.

Kayunze (2002) suggested that, Tanzania is still in absolute poverty referring to that fraction of population whose income and consumption pattern is not adequate to secure fundamental needs of life. The absolute poor are condemned to living in degrading conditions prevalent with low literacy, high disease incidences and malnutrition.

The available data on household income poverty rates are from the 2012 Household Budget Survey (HBS) as per 2013 Poverty and Human Development Report (PHDR) (URT, 2013). The data indicates that, there has been substantial economic growth since 2002. According to this report, the percentage of the population below the primary needs poverty line declined only slightly from 35.7 percent in 2000/01 to 33.6 percent in 2011 (URT, 2013), and the incidence of food poverty fell from 18.7 percent to 16.6 percent over the same period. However, poverty rates were highest in the rural areas. 74 percent of poor Tanzanian remained primarily dependent on agriculture (URT, 2013). However, since 2007, growth has more or less continued at the same pace except with a slight incline as a result of the financial crisis. Based on historical trends and with a slight slowdown in the growth rate, it is likely that the poverty reduction targets under MKUKUTA 1 was not met and the country is off track in meeting the millennium Development Goals target of poverty reduction by 2015 (URT, 2013).

2.5. Poverty and Unemployment in Tanzania

One of the most employing sectors in Tanzania is agricultural sector. According to the Integrated Labor Force Survey (ILFS) which was conducted in 2006, the National force expanded to 2.8 million people between 2001 and 2006 which is equivalent to an increase of 16 percent over that period (URT, 2011). The survey revealed that, 18.3 million Tanzanians were employed, of whom 9 million were male and 9.3 million were female. However, employment in agriculture declined from 84.2 to 76.5 percent in the year 2001 and 2006 respectively. This decline was due to the shifting of the labor force from the agricultural sector to other sectors in the economy. This led the semi-formal sector such as SACCOS and informal sector to increase individuals for employment from 5.7 percent of total national employment to 9.3 percent in the year 2001 and 2006 respectively. In addition, employment in other private sectors activities increased from 2.4 percent to 8 percent in the year 2001 and 2006 respectively (URT, 2011).

Sector	2000/01			2006		
	Male	Female	Total	Male	Female	Total
Agriculture	80.7	87.6	84.2	72.9	79.9	76.5
Informal Sector	6.7	4.6	5.7	10.4	8.2	9.3
Central and Local						
Government	3	1.5	2.2	3.3	1.6	2.4
Parastatals	0.8	0.2	0.5	0.5	0.2	0.4
Domestic work	2.1	4.1	3.1	1.4	5.5	3.5
Total	100	100	100	100	100	100

Table 1: Sectoral Employment Rates (%) From 2000/01 And 2006

Sources: Integrated Labor Force Survey 2000/01 and 2006 As Adopted From The URT, Poverty And Human Development Report (2011)

2.6. SACCOS and Income-Poverty Reduction in Rural Communities

SACCOS enhance rural poverty reduction. SACCOS has emerged as critical rural development institutions in Tanzania. They have been the principle strategy of development interventions intending to mitigate poverty to smallholder farmers spread out in rural areas (Sizya, 2001). Since they play a dominant role in providing financial services in rural areas, SACCOS are used as source of finance for the rural farmers. According to Ngorora (2008) SACCOS improves

the livelihood of the rural families through expanding their income generating activities and increase their productivity through various services provided to them such as savings, microloans and training offered to them. The total lives of the rural poor improve making them able to send their children to school, paying for health services, build new houses and repair the existing ones. Indirectly the economic activities established often create jobs for other people and therefore reduce household income-poverty.

2.7. Conceptual Framework

Practically and theoretically, poverty is a socially created condition in which inequality in access to basic needs exists within and among people at various levels around the globe. In some mechanism this trend can be reversed. Among the tools to reverse the trend is through formation of Savings and credit co-operative societies (SACCOS). The focus of this paper is vested on the services offered by SACCOS which includes savings, credits (loans) and training which are independent variables while improved income among households is considered as dependent variable.

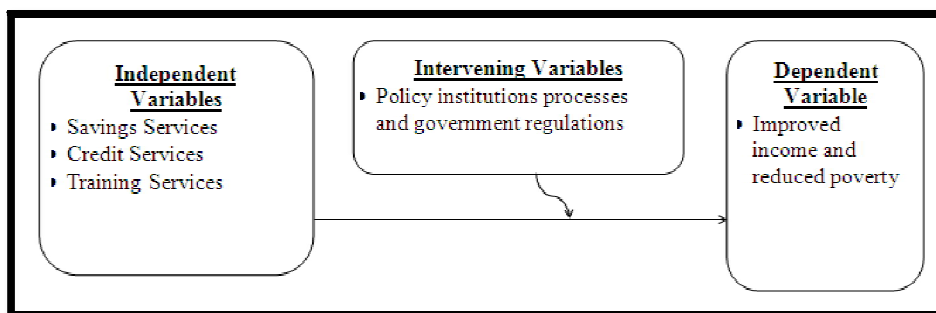


Figure 2: Conceptual Framework
Source: Researcher own construction, 2019

2.8. Paper Justification

The main objective of this paper is to assess the contribution of services provided by Savings and Credit Co-operative Societies on household income-poverty reduction in Tanzania focusing mainly in Moshi rural areas. Specifically the paper entails: firstly, to identify benefits received by household members from their SACCOS on income-poverty reductions, secondly, to examine the contribution of SACCO's services on household income-poverty reduction.

3. Approach and Methodological Approach

3.1. Description of Study Area

The study was conducted at Moshi rural district, the district is found in Kilimanjaro region, the region is on the northern part of Tanzania Mainland. According to the population census conducted in 2012, the population of the Moshi rural district was 466,737 (NBS, 2013). The district is bordered to the north by Rombo, to the west by Hai district, to the east by Mwanga and Kenya and to the south by Moshi urban district as shown in figure 03 below.

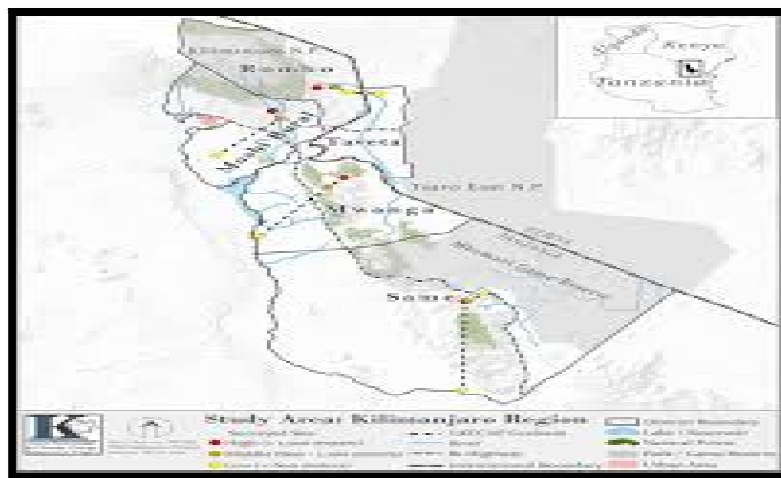


Figure 3: Map of the Moshi Rural District

from <https://www.google.com/url?sa=i&rct=j&q=&esrc=s&source=images&cd=&ved=2ahUKEwiBn8eWidPIAhULzYUKHQIFDnoQjRx6BAGBEAQ&url=https%3A%2F%2Fjournals.openedition.org%2Frga%2F1701%3Flang%3Dfr&psig=AOvVaw3czqncIHOBPdHNR4kMfb1Q&ust=1573043301950610>

3.2. Study Design and Sampling

The study adopted a cross sectional research design to assess the contribution of SACCO's services on household income-poverty reduction in Tanzania with emphasis on loan and training services. To achieve the objective of the study, three SACCOS in Moshi rural district were selected namely *Nuru ya Maendeleo*, *Kikalora* and *Muungano* with a total of 175 respondents. Sample size was determined using Cochran's (1977) formulas as obtained from Higgins, C. *et al.* (2001). The choice of these SACCOS was because they are found in rural areas. An open-ended questionnaire was distributed to each respondent randomly. The instrument was deliberately designed to give the respondents freedom to express their views on the contribution of services provided by SACCOS on household income-poverty reduction.

3.3. Model Specification

Data were analyzed using descriptive statistics for frequencies. Inferential statistics including simple regression model were employed to find out the relationship among the variables. The relationship between credits and training services offered by SACCOS and its contribution on household income-poverty reduction was analyzed using the following regression model:

$$I = \alpha + \beta_s x_s + \beta_l x_l + \beta_t x_t + \beta_a x_a + \varepsilon$$

Where I represent income level of members (dependent variable), α is intercept, x_s savings, earning from Loan, x_t number of training given to members, x_a Age of respondents. $\varepsilon \sim N(0, \sigma^2)$. In the model, α the constant term while the coefficient β was used to measure the sensitivity of the dependent variable I to unit change in the predictor variables. ε is an error term.

4. Data Presentation, Analysis and Discussion

4.1. Socio-Demographic Features of Respondents

Male dominance persists in many economic activities. Also in SACCOS the situation is more less the same. Findings shows that 90 respondents (52%) and 85 respondents (48%) are male and female respectively.

Category	Sex	n=175	%
Members	Male	90	53
	Female	85	47
	Total	175	100

Table 2: Distribution of Respondents According to Sex

Findings in Table 2 indicate that male and female participation in SACCO's activities is more or less the same and access services equally. However, the slight difference is built in African cultures whereby, according to Buckley, (1997) in most African societies majority of women are left behind in various issues and therefore men are the ones who take the advantage of engaging in different development activities which includes income generating activities and other investment opportunities. In most cases this also happens in leadership position as male get opportunities to access education compared to female.

Sex balance is not clearly shown. The reason include that most women fear to take on leadership responsibilities as it is traditionally known that always leaders are men. During focused group discussion, one female board member commented that:

".....Women are customarily known to be housewives in the patrilineal system. As such they are left behind in access to education and engagement in leadership position and therefore they lack opportunity like attending meetings and being elected as leaders"

In this regards, there are numerous movements concerning women rights and gender equality whereby women are highly encouraged and considered in development issues and therefore join and participate in SACCO's leadership position.

4.2. Distribution of Respondents According to Age

Age Category	n=175	Percentages
25-35	35	20
36-46	60	34.3
47-57	50	28.6
Above 57	30	17.1
Total	175	100

Table 3: Distribution of Respondents According to Age

The age of respondents is assumed to indicate some trends in any economic activity. Generally, people respond differently in economic activity according to one's age. The same is the case with SACCO's members in the study area. Findings as shown in table 3 indicate that, the majority of respondents (62.9%) are within the age bracket of 36 years and 57 years. Those below 35 years and those above 57 years comprises 20% and 17.1% respectively. The fact behind this trend is that, those below 35 years are just entering the labor market while those above 57 years are becoming less active

in certain income generating activities. In most cases those between 36 years and 57 years are individuals who have families and have been economically active for a considerably long time. It is this group of age bracket where most have children who need school fees and other related costs which include taking care of other dependants. As one respondent commented that:

"...I joined the SACCOS to obtain loan to enable me to solve different family problems which include paying school fees for children and meet medical expenses"

Age is an important element which influences decision making in development activities. It provides both national and regional information as a baseline in which future progress can be assessed (URT, 2002).

4.3. Socio-Economic Activities of Respondents

The Study show that 81% of respondents were engaged in agricultural activities and small scale farming for family consumption, especially those from *Nuru ya maendeleo* and *Muongano SACCOS*. However, 17% were engaged in small retail shops, food vending, *bodaboda* (motorcycling) transport businesses and other socio-economic activities to enable them meet their common needs for income-poverty reduction. This implies that, the major activities of most respondents were agricultural activities growing crops such as watermelon, ginger and vegetable products.

4.4. Member Education and Training Services

Member training is one of the basic principles of cooperation (fifth principle). Findings show that, 40% of members from the selected SACCOS agreed that their SACCOS provide training although in a very minimal frequent. However, through discussion some members argued that training provided by their SACCOS on the modern way of farming and the proper use of quality agricultural inputs resulted into increased yield and therefore increased household income and reduced income-poverty. On the other hand, 44% and 16% of the members interviewed were neutral and disagreed respectively by arguing that, the SACCOS does not prepare formal training for all members on different areas including management of small business entities, how to keep proper records. Also members are lacking training on other income generating activities such as food vending, carpentry, poultry and the application of modern technologies.

4.5. Benefits Received by Members from SACCOS

Findings indicate the extent to which SACCOS has benefited its members in different areas. Through loans and other services, 168 respondents (96%) have managed to finance their agricultural activities through buying quality agricultural inputs. As a result they increased agricultural outputs. Other 105 respondents (60%) managed to acquire assets and properties, 142 respondents (81%) were able to increase capital for their business and others managed to start up new businesses and expanding their line of products in their entrepreneurial business activities. Through loans, members have managed to meet their family expenses such as paying for school fees, medical expenses and other direct costs. This implies that, members were able to improve their liquidity (cash) position through obtaining loans, investing and expanding their income generating activities. The average income of member was TZS. 2,000,000 per annum before joining SACCO. After joining SACCO, members' average income increased to TZS. 6,000,000 per annum. Ross (2007) argued that, economic growth occurs when more and cheaper goods can be created. Through obtaining loans and investing into income generating activities, members grow economically and their living standards improve.

According to Levine, (2007) pointed that credit also may be made available to finance investment in education or health, and can thus promote the accumulation of human capital. This is vital because human capital is central in any economic understanding in general, and to small holders SACCO's members in rural areas. SACCOS provide loans to members at a reasonable rate and enable members to save their funds at an economic pace which enhance economic development. Levine, et al., (2007) argue that, saving mobilization is perhaps the most obvious and important function of the SACCOS. The provision of saving facilities enables households to save their money in a secure place and allow the saved money to be put to productive use such as lending to individuals or enterprises which encourage capital accumulation and reduce income poverty among actors.

4.6. Income Generating Activities financed by SACCOS

Respondents were asked to provide views on the success of member's income generating activities which are financed by loans obtained from SACCOS to enable them meet their needs towards income poverty reduction. Findings as shown in table 4 reveal that, 84 members (48%) indicates that income generating activities were very successful in the sense that they generated more income and re-invested in other business opportunities which enabled them to meet their living costs. About 52 respondents (29.7%) made marked success such that they generated more income but they couldn't re-invest rather improved their food security and enabled them to meet their current financial obligations. About 39 respondents (22.3%) generated less income and could not manage to re-invest due to high level of dependents. The whole amount generated was consumed through purchasing subsistence and meeting family matters.

As a matter of curiosity and for the purpose of this study, the researcher wanted to know the secret behind successful respondents on the uses of SACCO's loans. Through a visit conducted by the researcher to respondents, they were found to engage in various income generating activities which include retail shops, food vending, *boda boda transport* and poultry keeping. The study revealed that, the access to micro loans can have useful end product on economic development of the members but entrepreneurial skills are highly associated with the succ76NMHJYUess.

Degree of Success	Indicators	Frequency (n=175)	Percentage
Very Successful	More income generated	84	48
But re-invested			
Successful	More income generated	52	29.7
	But not re-invested		
Less successful	less income generated		
	No re-investment	39	22.3
Total		175	100

Table 4: Success indication of income Generation through SACCOS Credits

4.6. Relationship between SACCOS Services and income Level of Members

Data were analyzed using a multiple regression on the status of SACCO's contribution. The independent variables used were earnings from loans, income before joining the SACCOS, savings a member has in the SACCOS and age of respondents. Data exploration was performed to see whether the data was best to fit the regression model. Normality of the data was assessed using Shapiro Wilk. Data were transformed using box cox transformation and the value of lambda selected was $\lambda=0$ which suggest logarithmic transformation.

The findings as shown in table 11 indicate that, the regression line was best fit ($R^2 = 65.2\%$) also the overall relationship was statistically significant ($p\text{-value}<0.0001$). With other variable held constant, results show that, there is a significant relationship between services offered by SACCOS to the level of income of the members and their income-poverty reduction.

Earnings from loan have influence on the income of the members ($p\text{-value}<0.0001$) due to the fact that, the loan obtained are invested to generate more returns. The income generated from the borrowed fund influences the income level of the member as a result contribute to income-poverty reduction. Member income before joining the SACCOS has influence on income level ($p\text{-value}<0.001$) this is due to the fact that, when a member have enough fund to invest as savings in the SACCOS from the date of joining, he/she has a good opportunity to borrow twice or thrice hi/her savings and when invested to a profitable income generating activity yield more returns. Therefore, if earnings from loan obtained by member change by 1 unit, member income change by 1. Conversely; Age, number of training are negatively related to income of a member and therefore are not significant to the income level of the member ($p\text{-value}>0.05$) as shown in Table 5 below.

	Coefficients	Standard Error	t Stat	P-value	95% C.I
Intercept	13.54582	0.188881	71.7161	1.54E-66	[13.169;13.923]
Age	-0.00321	0.003493	-0.91854	0.361535	[-0.010;0.004]
Savings amount	5.12E-08	7.49E-08	0.68367	0.496473	[-0.0001;0.0001]
Earnings from loan	3.79E-07	8.44E-08	4.48591	2.82E-05	[0.0001;0.0001]
No of trainings	-0.00296	0.027879	-0.10624	0.915697	[-0.059;0.053]
Income before	6.73E-07	1.95E-07	3.449891	0.000961	[0.0001;0.0001]

Table 5: Relationship between SACCO's Services and Income Level Of Members

5. Conclusion and Recommendation

This study assesses the impact of SACCO's services on income poverty reduction. Findings reveals that through obtaining loans and investing in different income generating activities such as agricultural activities, small retail shops to mention just a few, members increase their average income per annum. They manage to finance their agricultural activities through buying quality agricultural inputs as a result increases agricultural outputs. The increased income level enables them to improve their livelihood and be able to acquire assets and properties, increase capital for their business and others manage to start new businesses and expand their line of products they sale in their business activities. Most of the members manage to meet their family expenses such as paying for school fees, medical expenses and other direct costs.

Earnings from loan have influence on the income of the members ($p\text{-value}<0.001$) provided that, are invested to income generating activities to generate more returns to the member. The income generated from the borrowed funds influences the income level of the member as a result members are able to meet the daily demands of their families and buying agricultural inputs and acquiring household assets and therefore contribute to income-poverty reduction.

SACCOS provide opportunity for people who are ignored by the formal financial sectors to access financial service. The poor on the other hand, uses this financing to move away from subsistence production to investment decision and planning. Thus services offered by SACCOS which includes financial and non-financial services, should be perceptively used to address the multiple dimensions of poverty to realize improved living standard of people and eventually move out of poverty. Micro loans from the SACCOS enable members to improve IGAs and initiate new investments. A large

proportion of the recipients have acknowledged to have improved their income more after utilizing the loans and other services secured from the SACCOS.

It is recommended that, Firstly, SACCOS should ensure that the services offered (financial and non-financial services) meet the members' needs. A feasibility study should be conducted to know products that members' need. This will help more members to join in the sense that they will get what they need to meet their family and economic needs which will help in poverty reduction. Secondly, SACCOS should provide more training services to members on how to utilize their loans for investment opportunities, modern way of agriculture including irrigation and how to maintain the irrigation networks. Also, members' training should be emphasised on the importance of increasing savings which enable members to borrow hence, reduce income poverty. Thirdly, government and other development partners should encourage people especially disadvantaged groups of which majority are living in absolute poverty to form or join SACCOS in their respective areas of jurisdictions to enable them to have access to small loans which will help to get start-up capital and engage in small businesses and improve their agricultural activities, and eventually reduce poverty level.

6. Acknowledgment

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