Women Participation in Microfinance Institutions of Tanzania: The Case of Savings and Credit Co-operative Societies (SACCOS)

Maleko, G.N, Basili S.A. Liheta, Deogratius Aikaruwa, Angelina Lukas, and Gerald A. Sumari
Moshi University College of Cooperative and Business Studies (MUCCoBS), Tanzania

Corresponding author: Gerald A. Sumari, Moshi University College of Cooperative and Business Studies (MUCCoBS), Tanzania

Abstract. Over the past two decades the questions related to the recognition of women’s role in economic and social development and of equality between men and women have fostered increasing interest among policy-makers and development practitioners. Despite a noticeable improvement in gender awareness in Tanzania, data on women’s work, their participation in microfinance institutions for example savings and credit societies (SACCOS) and their economic contribution have remained far from comprehensive. Even where information is available, it is not sufficiently utilized as a tool by planners and decision-makers for promotion and development of microfinance institutions. This is particularly evident with regard to the role of women in cooperative financial institutions which include SACCOS and cooperative banks.

With new challenges arising from technological development, political and economic liberalization processes, the demand for SACCO’s gender-specific information is growing. This demand comes from various data-users: policy analysts, researchers, academics, rural planners, and business people. These information and data are important to facilitate intervention on SACCOS. Apart from this, more is required on their skills in managing organizations such as SACCOS.

The objective of this paper was to examine the participation of women in SACCOS with major focus on membership, governance and management. These are major elements that one can use to assess and determine how women can participate in SACCOS.

Based on the desk research done and evidence from various studies, the paper identifies enabling and constrains factors for women to participate in SACCOS. Suggestions for ameliorating these constraints were made and policy implications drawn.

Key words: women, participation, microfinance, microfinance institutions, savings and credit cooperative societies, Tanzania
1. Introduction
Over the past two decades the questions related to the recognition of women’s role in economic and social development and of equality between men and women have fostered increasing interest among policy-makers and development practitioners. Despite a noticeable improvement in gender awareness in Tanzania, data on women’s work, their participation in microfinance institutions for example savings and credit societies (SACCOS) and economic contribution have remained far from comprehensive. Even where information is available, it is not sufficiently utilized as a tool by planners and decision-makers for promotion and development of organizations focusing on financial services. This is particularly evident with regard to the role of women in cooperative financial institutions (CFIs).

It has been asserted by Karl (1995) that the goals of development cannot be attained without women’s full participation, not only in the development process but also in shaping its goals. A closer focus on women’s activities and desires will make the society more responsive to the needs of all people (Akpabio, 2007). This will ultimately redress the unequal balance of decision-making power and control in the relation of men and women in the household, workplace, communities and governments and in the international arena. The ensuring rounded empowerment process will hasten the socio-economic development process of countries. According to the United Nations Fund for Women Development, the advocacy for recognition of women’s rights has assumed international dimension of recent and gender equality has moved from the margin to the center of the development agenda (UNIFEM, 2002). The 1995 Beijing Declaration, the 2000 Millennium Declaration and the FAO Gender and Development Plan of Action (2002 - 07) have all endorsed comprehensive plans of action to improve the conditions and rights of women and their communities, combat poverty and hunger and ensure the inclusion of women in all efforts at ensuring sustainable development (Chen et al., 2005).

While international bodies and governments enunciate laws and provide the enabling environment for women integration into the national economy, some of them have been aiding in the integration process by forming themselves into
informal financial and non financial groups for the purpose of empowering themselves (Women watch 2004). Some have established or join member based organizations which have the objective of fighting for the emancipation of the female folk, attempting to raise their living standards and fighting against gender inequality (Clark, 2004). SACCOS like other member based microfinance institutions help in the coordination and financing of women’s development programmes and help in mobilizing the traditional strength of women, in order to promote their participation in the development of human and natural resources, for sustainable livelihood in rural and poor urban areas. In essence, SACCOS mobilize women for the betterment of their livelihood through collective action rather than concentrating on individualistic pursuits and looking at government for solutions to their problems.

A number of SACCOS are operating in Tanzania and are involved in a myriad of activities in the quest to empower members including women and men for a more active participation in cooperative development. The participation in SACCOS has been different for women and men. This is because of social and economic factors in which they live and work.

This paper seeks to contribute to the discussion on women in microfinance in Tanzania. Overall, the paper does the following:

- A review of the microfinance in Tanzania, including previous and current policies and initiatives, with particular emphasis on women in general,
- An assessment of the participation of women in microfinance especially in membership, governance and management
- Recommendations on how women can participate effectively in SACCOS

2. Literature Review

Microfinance refers to a movement that envisions a world in which low-income households have permanent access to a range of high quality financial services to finance their income-producing activities, build assets, stabilize consumption, and
protect against risks (Wikipedia, 2001; Cheston et al, 2002). These services are not limited to credit, but include savings, insurance, and money transfers (Microfinance Gateway’s definition).

The services provided to microfinance clients can be categorized into four broad different categories:

- Financial intermediation or the provision of financial products and services such as savings, credit, insurance, credit cards, and payment systems should not require ongoing subsidies.

- Social intermediation is the process of building human and social capital needed by sustainable financial intermediation for the poor. Subsidies should be eliminated but social intermediation may require subsidies for a longer period than financial intermediation.

- Enterprise development services or non-financial services that assist microentrepreneurs include skills development, business training, marketing and technology services, and sub-sector analysis. This may or may not require subsidies and this depends on the ability and willingness of the clients to pay for these services.

- Social services or non-financial services that focus on advancing the welfare of microentrepreneurs and this include education, health, nutrition, and literacy training. These social services are likely to require ongoing subsidies and are always provided by donor supporting NGOs or the state (Legerwood, 1999).

These services were not provided by earlier programmes or efforts of government in totality, which suggest that microfinance if properly operated may serve the target people or proposed clients.

Since microfinance is a subset of the financial sectors, it must also have its contribution to the growth of the economy. The poor are part of the human capital resources available to a nation, therefore their empowerment would impact
positively on the economy. Hence, the need to have a way to move them out of the poverty zone by making financial resources available to them will enhance their income thereby improving the economy. But the contribution of poor to the economy can only be possible if their income level is sustained overtime, through its multiplier effects on the whole economy.

There is the definitional consensus in the literature that microcredit is different from microfinance though some do use them interchangeably. Microcredit according to Bogan, et al (2007) denotes small loans given to the poor and a component of microfinance. However, according to the Microfinance Gateway, microcredit refers to very small loans for unsalaried borrowers with little or no collateral, provided by legally registered institutions. This introduces the legality into it which by implication State apparatus of justice. From this definition one would accept that the local way of mobilizing loans through daily contributions and granting of loans falls out of the law, yet very common among the poor in both rural and urban centers of the country. There are local versions of microcredit across the country among the people for example merry-go round i.e. kibati or mzunguko.

Microfinance therefore implies providing credit to the poor and non credit financial services such as savings, insurance, pensions and payment services (Wrenn, 2005; Microfinance Gateway). Given the definition of microfinance as thus stated here one can see why it part of the financial sector of any nation that must also develop side by side with the formal financial institutions. Authors like Otero, (1999); Littlefield and Rosenberg (2003) have shown how microfinance institutions (MFIs) has added value to economic development through their services to the poor in the society. But microfinance would be better defined as the provision of financial and non financial services to the unreached people by the formal financial institutions in an economy (http://en.wikipedia.org). The definition implies that the services of microfinance are not limited to the poor in the society as the word poor is relative among people and nations.
Others have seen microfinance institutions (MFIs) as the easy road toward achieving the MDGs of halving poverty level by 2015 - (Brau and Woller, 2004); and also Littlefield, et al. (2003) in case studies carried out observed that microfinance has played a role in reducing poverty, promoting education, improving and empowering women. But for Navajas et al, (2000) and Hulme, (2008) microfinance is not the magic capsule for poverty reduction as poverty is complex and goes beyond having access to credit. Which implies that the products that will remove poverty goes beyond credit facility and include an enabling environment for business venture with minimal cost, predictable infrastructural facilities, impartial judicial system and good governance.

According to Moll, (2005) government policies in the 1960s and 1970s were focused on agricultural credit as a tool to boost its production and enhanced the income of the farmers. In Tanzania, the government through introduced the Agricultural Credit Scheme and Rural Savings and Credit Scheme (RSCS) apart from other incentives aimed at the farmer but with minimal or no success (Urio, 1994; Nsato, 1998; Liheta 1998). However, the microfinance world has changed through the experiences of Grameen Bank and Bank Raykat Indonesia with their success story among the poor and the steady growth of the number of poor that were served (Daley-Harris, 2007; Hulme, 2008, Rosenberg, 2008). However, the phenomenal growth of the sector has brought out the issues of poor management and inadequate corporate governance among the microfinance institutions (Rosenberg, 2008; Moll, 2005).

On the issue of client targeting the views are in two fold, those who favoured women as a means of empowerment and reduction of poverty and those who observed that microfinance focused on women are detrimental to society in the long run (Ehlers and Main, 1998; Mallick, 2002). The other view in this area is whether microfinance should be poor people focused or as many as are willing to seek their services should patronize them. From empirical studies, the poor seemed to be more served by MFIs than in the formal financial institutions (Navajas et al. (2000); Servon, (1997);
Baydas et al. (1994a, 1994b). This perception was well supported by a large volume of literatures and it is seen as prime movers for microfinance institutions in many countries in the world as both the rural and urban poor are reached with financial services.

3. Women and Microfinance in Tanzania

3.1 Women and Microfinance

According to the National Census of 2002, Tanzania has a total population of 34,569,232 people, out of which 17,658,911 are women which is 51% of the total population. The remaining 16,910,321 are men (49%) which indicate that women surpass men in number (NC 2002). Although women account 51% of the total population in Tanzania, statistically women own only 30% of the total resources of the national (MCDGC, 2003). Cultural practices hinder women from resource accessibility (including financial services) and control as a result of this, women productivity is limited leading to lack of income and hence poverty.

The main focus in many MFIs is to empower the women by increasing their financial power and position in the society so as to have equal opportunity as men (Moyoux, 2001) the poorest people in the society are known to be women and they also are responsible for the child up bringing including education, health, and nutrition (Chiyah & Forchu, 2010). There are cultural barriers that exist between the women that make them to stay at home making them to have to constraint to have access to financial services. Some banks are unwilling to lend to the women because their access to property is limited and they also have fewer sources of collateral security. Based on experience, women generally are very responsible and are affected by social forces. When the income of women is increased, the effect is noticed throughout the household and to the community than when that same amount is increased to a man. They also have a high repayment loan and savings rate than their male counterparts (Ledgerwood, 1999). A study carried out by the
World Bank’s sustainable banking for the poor with the title of the project “Worldwide Inventory of Microfinance Institutions” found that female programs are group based with the characteristic of having small loan size and short loan term (Paxton, 1996).

3.2 The microfinance industry

The Tanzania microfinance sector includes a wide range of formal, semi-formal and informal financial institutions, groups and individuals who are involved in either prudential or non-prudential provision of microfinance services on commercial principles and/or best practices. The first category of includes regulated Micro-Finance Companies (MFCs), Cooperative financial institutions (CFIs), Schemes, banks and Financial Institutions (FIs) with either large microfinance portfolios or microfinance windows that are subject not only to general company laws and regulations, but also to specific regulations and supervision.

The second category includes Government Programs/Schemes and private registered entities that provide microfinance services using own funds from the shareholders and/or other sources of capital without being subjected to regulation and supervision as financial intermediaries listed under the first category.

The third category is composed of informal financial service providers such as Rotating Savings and Credit Associations (RoSCAs), savings and credit associations (SACAS), the village savings and loan associations (VSLAs) and its innovations such as Village Community Banks (VICOBAs), community conservation banks (COCOBA), and savings and internal lending for community (SILC). In this category there exist individual based financial institutions such as money lenders and traders who are not tied to any banking law or general commercial law. These institutions are facing a number of emerging challenges. They include, among others, clear definitions of wholesale lending, clients and operations and relaxation of capital. In addition, institutions such as small banks especially
community and cooperative banks that operate in rural areas still have weak capital base, weak governance, cannot afford to hire competent persons to provide oversight and management of their operations, weak internal controls, inadequate risk management and control systems and in most cases are not compliant with laws and regulations governing banking business.

Depending on the purpose, two approaches are generally used to categorize the different providers of micro finance services in Tanzania. The first and most commonly used one is on the basis of formality where providers are categorized as formal, semi or informal depending on the extent to which the provider is registered and regulated under formal law and transactions are governed under the various statutes of the law of contract or rather by self-regulation or group-based rules. The second categorization is based on the customer/provider relationship in the management and ownership of the financial service-providing entity. Under this categorization, micro finance providers could be dichotomized into client-based micro finance agencies and member-based micro finance agencies.

The client-based micro finance agencies comprise of all micro finance providers, formal or informal, where customers are not also owners. Of the institution, have little direct involvement in the management of the institution, and do not have a share in the returns made by the institution. The most popular method is the group based lending. The approach have been tried by leading financial non-governmental organizations (FNGOs) in the field of micro-finance, like Promotion of Rural Initiatives Development Enterprise (PRIDE), Foundation for Credit and Community Assistance (FINCA), Small Enterprise Development Association (SEDA) and Hekima Women Credit Program. Group-based lending schemes have been very often based on the Grameen Bank method. This method has been designed and developed in Bangladesh with a view to deliver financial services to the poor, who have no access to formal banking services.

Member-based micro finance agencies comprise of formal and informal mechanisms where resources are mobilized from members, management of the arrangement is in
the hands of members and it is members who constitute the main target group for service provision. The major member-based MFIs being implemented in Tanzania are savings and credit co-operative societies (SACCOS). Recent government initiatives in promoting SACCOS have successfully increased the number of these organizations from 133,134 in 2000 to 919,411 (which is 2.4% of Tanzania population) in December 2010. SACCOS are part of the established financial landscape in Tanzania and a number of government and non-governmental organizations are currently giving high priority to capacity-building in these organizations.

Despite the operation of these institutions the access to financial services is still limited. The study by FINSCOPE (2007) have shown the distribution of access to finance as follows: formal finance (9%), semi-formal (2%), informal (35%) and excluded is 54%. The same study revealed that, the most significant barrier to accessing the financial service industry is perceived to be low levels of financial services education, particularly amongst women and in rural areas. Government, donors and business leaders are working hard to improve the levels and reach of education throughout the country. There are various government programmes including Rural Financial Services Project (RFSP) and Small Entrepreneurs Loan Facility (SELF) which are among the biggest capacity programmes for member based microfinance institutions in Tanzania.

3.3 The National Development Policies and Strategies

Since 1980s Tanzania pursued a number of macro-economic and sectoral policies coupled with various reform measures which aimed at promoting microfinance development. Some of these policies and strategies has put much emphasis on gender mainstreaming. These policies, strategies and reforms aimed primarily at attaining the Tanzania's Vision 2025 of achieving a “sustainable socio-economic development by the year 2025”.
The National Strategy for Growth and Reduction of Poverty (NSGRP or MKUKUTA) for example has addressed the issue of reduction of rural income poverty of both men and women through:

(i) Reduced proportion of rural population (men and women) below the basic needs poverty line;
(ii) Reduced proportion of rural poor (men and women);
(iii) Increased productivity and profitability both within agriculture and outside agriculture sector;
(iv) Increased off farm income generating activities;
(v) Secured and facilitated marketing of agricultural products;
(vi) Transformed subsistence sector into smallholder commercial farming; and,
(vii) Increased contributions from wildlife, forestry, and fisheries to incomes of rural communities.

In its focus to increase off farm incomes, MKUKUTA focuses on improving access to rural micro-financial services for subsistence farmers, particularly targeting youth and women; and promote off farm activities with particular emphasis to supporting establishment of agro-processing small and microenterprises (SMEs).

One of the policies is the National Microfinance Policy (2000) whose overall objective is to “establish a basis for the evolution of an efficient and effective micro financial system in the country that serves the low-income segment of the society, and thereby contribute to economic growth and reduction of poverty”. Among the low income segment are women who are the major participants of informal finance in Tanzania.

The policy also covers all aspects of microfinance institutions (MFIs), including mobilization, registration, governance, supervision and guidance to ensure
sustainable community-based rural development. Moreover it spells out provision of financial services to households, smallholder farmers, and small and medium-scale enterprises in both rural and urban areas. It is envisaged that a wide range of institutions will be involved in the provision of services, including specialized and non-specialized financial institutions.

The Co-operative Development Policy (CDP), 2002 addresses co-operative development issues (including SACCOS) in the context of macro-economic changes brought about by globalization and liberalization forces. Besides, it also considers the cross-cutting issues such as gender, environmental issues as well as position of marginalized groups such as the youth, women and disabled. Some of the attributes that reflect gender are indicated in the mission statement and some of its objectives are that:

- Cooperatives to become economic empowerment tool of the vulnerable members of the society such as small producers/ farmers, women and youth who otherwise cannot compete as individual players in the field;
- To encourage sustainable operation and development of cooperatives by ensuring that they carry out activities that respect gender equality and environmental protection;
- To ensure effective participation of women, by encouraging them to become members in line with the cooperative principle of voluntary and open membership. Women will be encouraged to take up leadership positions and employment in the cooperative society.
- Recognition of economic groups as a step towards genuine co-operatives.

The Small and Medium Enterprise Development Policy, 2002 addresses the need for developing and inculcating linkages between different sectors within the economy. The Vision of the SMEs Development policy is to have a vibrant and dynamic SME sector that ensures effective utilization of available resources to attain accelerated and sustainable growth. The policy recognizes the limited SMEs access to financial services due to, among other things, sector perceived as of high risk; inability of
SMEs operators to fulfill collateral requirements; most banks not operating micro-credit facilities; some banks having limited geographical operating areas; lack of guarantee facilities to support banks financing SMEs; and the high cost of loan administration.

The policy thus, addresses the question of SMEs’ access to financial services by enhancing financial sector reforms aimed at further liberalization of the financial sector and the creation of financial intermediaries that carter for the needs of SMEs. It is envisaged this will be achieved through the implementation of the following strategies:

- Encouraging commercial banks and other financial institutions to open SMEs windows;
- Promote innovative financial products for SMEs such as hire-purchase schemes, leasing, inventory financing, venture capital SMEs, and Savings and Credit Schemes,
- Improve access of SMEs to commercial bank funding through simplification of procedures, and
- Mobilization of resources and promotion of appropriate financial institutions for SMEs.

The Women Development and Gender (1997) is the key policy document that is responsible to other sectors on how to achieve gender equity. Policy aims at empowering women and men to utilize available resources for their development, on an equitable basis. This envisages the need for mainstreaming gender issues in all development plans. Some of the attributes of the policy includes:

- Enhancing gender equality by giving women and men equal opportunities, equal rights and equal obligations in all spheres of life;
- To improve the participation of women at all levels of development; and;
- Men and women to participate effectively in identifying their problems and assess their practical means of solving them so as to alleviate poverty.
Apart from policies and strategies the government established the Women Development Fund (WDF) which is one of the programme to improve participation of women in microfinance particularly in getting financial services (mainly credit). It was envisaged that through this process women through their groups will develop more skills in business and participate more in microfinance industry. The primary goal of WDF is to promote "the well-being of women in agricultural, economic decision making for the total development of the capacities of women to contribute to self-reliance and sustainable development." Specifically, WDF was established for the following objectives.

- Raise income of the two groups,
- Invest in income-generating activities, and
- Create employment and income generating activities.

The performance of the programme is not satisfactory due to the following reasons:

- Poor repayment,
- No follow-up and monitoring,
- Lack of banking knowledge, and
- Fungibility of funds.

Generally, the WDF encountered the institutional and operative difficulties namely: lack of business policy, particularly in costing, default and setting effective rates, resulting in large discrepancies between recorded repayment rates and actual default; application of out-dated financial technologies, resulting in low repayment rates, poor loan supervision and collection, inadequate organizational and operational structure lack of banking know-how (Uronu et al, 2004; MUCCoBS Dodoma Center, 1997; Liheta, 1999).

Recently the Tanzania Women Bank (TWB) was established to meet the financial needs of women and promote participation of this group in the microfinance development. However, the bank outreach has been limited in some areas of Tanzania especially in Dar es Salaam.
4. Women participation in savings and credit cooperative societies (SACCOS)

Prior to establishment of SACCOS in Tanzania, many of the poor, mainly farmers used multipurpose cooperatives as a source for financial services. Most of these facilities were found in cash crop growing areas of Kilimanjaro, Kagera, Mwanza and Ruvuma. Generally, agricultural marketing cooperative societies (AMCOS), especially among coffee farmers of the 1920s up to late 1980s, engaged in thrift and credit. In mid 1980s emphasis was on rural savings and credit schemes which were promoted in selected regions to mobilize savings and provide credit to the community. However, very few people understood the model.

The promotion of SACCOS gained momentum in mid 1990 with support from government and non governmental organizations. SACCOS enables the poorest in a community to save and access loans for income generating activities and were expected to take over some of the lending being done by moneylenders.

4.1 Traditional and modern SACCOS

In Tanzania SACCOS is defined as a credit society solely dedicated to the promotion of thrift among members and the creation of a source of credit for them at competitive rates of interest through financial intermediation (URT 2004). Their major functions include savings mobilization, provision of credit, money transfer, insurance services, education and training and information dissemination.

Savings and credit cooperative societies (SACCOS) have their origin in two major 19th century co-operative movements initiated by the Gernam Hermann Schulze-Delitzsch (1809-1883) and Friedrich Wilhelm Raiffeisen (1818-1888). These institutions grew and spread to other countries of the worlds with some innovations to suit the social and economic environment. In recent years, SACCOS are growing fast due to an increase in demand for financial services and the government
strategy to promote microfinance institutions with emphasis on member based microfinance institutions. A number of countries have designed various programs focusing on SACCOS development with much resources (financial, physical and human) being used for this type of cooperatives. SACCOS which were urban phenomenon until 1970s are now found through the areas of the nations. In East Africa, most of them are found in rural areas with membership drawn from individual (men and women), groups (women, men and mixed) and institutions.

The operations have changed over time from traditional and modern operations. Traditionally, most of SACCOS in African countries have relied upon international donors for external capital as a source of loan funds for their members (Ofei 2002). The model was based on a theory that the rural poor lacked the resources necessary to save and fuel their development potential.

Traditionally, the three main groups of SACCOS products have been savings, loans and insurance. In the increasingly competitive financial markets of developing countries, modernized SACCOS are evolving to provide more sophisticated financial products, such as remittance distribution, automated teller machines, and debit cards to name a few (Klaehn, 2004).

The traditional model discourages savings, encouraged borrowings, and forced those who saved to subsidize those who borrowed. Members who deposited shares in their SACCOS often could not withdraw the shares until they terminated their membership and they received no yield on their shares. The amount of a loan which could be obtained was dependent on the number of shares which was held in savings. The result of these policies and practices was a chronic shortage of loanable funds. According to Ofei (2002) SACCOS suffered from the following problems.

- A reliance on low interest shares;
- A dependence on outside, subsidized funds to provide liquidity;
- Weak credit administration, disregard for the borrower’s repayment capacity, and an absence of real loan guarantees;
• Financial statements which overstated asset values and were accompanied by inadequate provision for loan loss;
• Delinquency reporting which underestimated loan loss risk;
• Low earnings due to subsidized lending practice; and,
• Low levels of institutional capital.

The corner stone of the new model was the gradual reduction of the traditional reliance on members share for capital and members deposits. This new market oriented model represents a radical departure from the policies of the past. Almeyda and Branch (1998) identified a number of key policies were attached to the new credit union model. They included:

• Competitive pricing for saving and loans;
• Intensive mobilization of saving;
• Maintenance of adequate liquidity to satisfy unanticipated withdraws of saving;
• Application of new lending criteria centered on capacity to pay analyses; credit history and available collateral;
• Creation of loan/loss reserves in relation to delinquency;
• Reduction of non-production assets;
• Capitalization of all net earnings; and,
• Use of marketing programs to improve public image.

In Tanzania, SACCOS have opened up their membership scope by allowing institutions and groups. This has increased membership and allowing women who do not want to join directly to use financial and non financial services provided by SACCOS.

4.2 Women participation in SACCOS: Experiences and lessons
Women of Tanzania like other African countries face gender specific barriers which hinder them from participating in SACCOS and other MFIs. These barriers are: (i) poor rural women’s almost universal lack of assets that can be used as collateral and their lack of institutional links, such as through cooperative membership; (ii)
the gender stereotypic beliefs about women’s ability to effectively utilize only small
loans and their inability to engage in profitable nontraditional self-employment;
and (iii) the resistances of and interferences from male relatives. The reality is,
however, that women need and can effectively use as much credit as men; that they
save more than men; and that they have higher repayment rates than men
(Chrisabell, 2009; Yunus, 2003).

This section presents some findings on women participation in membership,
governance and management. Our analysis has based on the data collected from the
Ministry of Agriculture, Food Security and Cooperative (department of cooperative
development, SACCOS and NGOs.

### 4.2.1 Membership level

Women membership in SACCOS has been a major focus of researchers and policy
makers. This is due to the fact that there are few women joining these institutions
as compared to men. Specific programmes and some projects in Tanzania have
created a special component to sensitize women to join SACCOS. However, the
situation is not satisfactory with women accounting for 33% of all individual
members in SACCOS. Sex-disaggregated data at the membership level is presented
in table below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Female</th>
<th>Male</th>
<th>Institution groups</th>
<th>Total</th>
<th>Percentage of female members</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>n.a</td>
<td>n.a</td>
<td>n.a</td>
<td>133,134</td>
<td>14.5</td>
</tr>
<tr>
<td>2001</td>
<td>n.a</td>
<td>n.a</td>
<td>n.a</td>
<td>140,000 (estimated)</td>
<td>16.0</td>
</tr>
<tr>
<td>2002</td>
<td>26,667</td>
<td>71,981</td>
<td>432</td>
<td>157,774</td>
<td>20.0</td>
</tr>
<tr>
<td>2003</td>
<td>32,728</td>
<td>78,786</td>
<td>426</td>
<td>163,732</td>
<td>29.0</td>
</tr>
<tr>
<td>2004</td>
<td>84,671</td>
<td>164,960</td>
<td>n.a</td>
<td>255,938</td>
<td>33.9</td>
</tr>
<tr>
<td>Year</td>
<td>Membership</td>
<td>Total Members</td>
<td>New Members</td>
<td>Total Savings</td>
<td>Membership Growth</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
<td>---------------</td>
<td>-------------</td>
<td>---------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>2005</td>
<td>85,649</td>
<td>169,989</td>
<td>n.a</td>
<td>291,334</td>
<td>33.5</td>
</tr>
<tr>
<td>2006</td>
<td>n.a</td>
<td>n.a</td>
<td>n.a</td>
<td>500,000</td>
<td>35.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(estimated)</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>n.a</td>
<td>n.a</td>
<td>n.a</td>
<td>713,632</td>
<td>n.a</td>
</tr>
<tr>
<td>2008</td>
<td>283,529</td>
<td>393,897</td>
<td>20,775</td>
<td>911,873</td>
<td>39.7</td>
</tr>
<tr>
<td>2009</td>
<td>375,113</td>
<td>507,872</td>
<td>28,888</td>
<td>919,411</td>
<td>41.1</td>
</tr>
<tr>
<td>2010</td>
<td>366,048</td>
<td>513,386</td>
<td>24,816</td>
<td>914,162</td>
<td>39.8</td>
</tr>
</tbody>
</table>

**Source:** Cooperative Development Department, 2011

The study by Maleko (1998), Towo (2004), Liheta (1996 and 1998), Mtenga et al (2004), MUCCoBS Dodoma Centre (1997) provides a number of reasons for poor membership among women in SACCOS. The major reasons provided include the following:

**Culture of men dominating and over-controlling women**

Generally, there is still a men dominating behavior in some areas of Tanzania where men are decision makers in both social and economic family matters. Additionally, they make decisions on types of association or organization women want to participate. This has been strong among married women. For example in some families women do not have the freedom to engage in economic activities outside their home, or even to open bank account without their husband’s permission. These hinder women from participating in formal member based financial institutions like SACCOS. In some families men savings account with SACCOS is also the family account though all have equal opportunities to open savings account.
Lack of property rights
It has been reported in some regions like Kilimanjaro and Kagera that some women find joining SACCOs not helpful since borrowing requires collateral, and yet they do not have rights to family property. The most common type of security is land, and yet women have limited opportunities to inherit land. These discourage women from joining SACCOs. They find it better to form informal groups since no such conditions exist.

Inadequate understanding of SACCOs
Generally there is inadequate understanding of the institutional set-up, operations, services, and benefits of SACCOs among men and women, though this has more pronounced to women. The formation process is not well done to the extent that people understand the laws, benefits and principles of cooperation. Some of the SACCOs have been formed in order to provide a room to channel funds from politicians, non-government organizations (NGOs) or the government programmes. In most cases these are formed without doing a comprehensive market study which is important in assessing demand and supply side of financial services. Some politicians promote credit approach than savings approach making people to be attracted and once the promise is not fulfilled both men and women withdraw from SACCOs.

Inadequate financial education
The operations of formal financial institutions are not well known to a numbers of clients including women. Additionally, the majority of women fear financial institutions because of lack of financial education and they consider these institutions to be for the educated group of population.

Lack of business management skills
Business management is important for all members of SACCOs. However the report by MUCCoBS Dodoma Centre (2006) showed that the majority of women lack entrepreneurship skills which are important for managing funds and income
generating activities. This discourages them from starting income generating activities which need preparation of business plan and structured repayment schedule which is one of the condition of any formal microfinance institutions.

**Poor performance of cooperatives in 1980s and 1990s**
The poor performance of cooperatives especially agricultural marketing cooperatives (AMCOS) especially in 1980s and 1990s has also affected SACCOS taking into account that some were operating as a microfinance window of AMCOS. This made some members including women to joining and open accounts in informal groups as a way to manage risk. The study by SCC-Vi (2007) showed that more women in Kagera region are more active in formation and operate informal financial groups such as *empaso, ebyama* and *evigombe*. These groups mobilize savings, labour, provide insurance and loan services to members. In addition these groups provide opportunities for women to practice more freely the leadership skills and microfinance operations.

The report by MUCCoBS Dodoma Center (1997) and Uronu et al (2003) shows that informal member-based financial institutions contribute to women empowerment by:

1. Providing a safe and convenient way of saving their money;
2. Teaching them how to use their money wisely;
3. Giving them the opportunity to discuss financial difficulties and to receive help and advice whenever it is needed;
4. Enabling them to control and use their savings as they please without external interference; and,
5. Teaching them self-discipline of how to work together.

This is supported by our study showed that, these groups enable women to:

- Mobilize savings without involving their spouses;
- Discuss women matters related to personal and household development;
- Settle some disputes among themselves;
- Build capital for lending;
- Educate women on how to allocate their funds – acting as a learning groups;
• Provide insurance services which cannot be provided by SACCOS and other formal insurance schemes; and,
• Expose women in leadership skills.

Table 2 indicates membership status of both men and women in selected groups in Kagera region. The major characteristics of members are as identified by SCC-Vi (2007):
• Age range from 20 – 65
• Female dominated
• The per capita income is estimated to be Tshs.100,000 to 250,000
• Attained primary school education
• Crop production dominates other economic activities; other economic activities are livestock keeping, fishing and petty trade
• In kind savings dominates other forms of savings
• Informal insurance scheme is the only form of insurance known or used
• Members demand money for consumption, production and investment activities

Table 2: Group membership in selected SACCOS of Karagwe District

<table>
<thead>
<tr>
<th>Name of SACCOS</th>
<th>Groups</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
<th>Percentage of women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kitwe</td>
<td>10</td>
<td>29</td>
<td>61</td>
<td>90</td>
<td>67.7</td>
</tr>
<tr>
<td>Nyabikao</td>
<td>7</td>
<td>56</td>
<td>80</td>
<td>136</td>
<td>58.8</td>
</tr>
<tr>
<td>Kikakanya</td>
<td>14</td>
<td>139</td>
<td>179</td>
<td>318</td>
<td>56.3</td>
</tr>
<tr>
<td>Kiosa</td>
<td>13</td>
<td>198</td>
<td>236</td>
<td>434</td>
<td>54.4</td>
</tr>
<tr>
<td>Kibingo</td>
<td>10</td>
<td>562</td>
<td>719</td>
<td>1,281</td>
<td>56.1</td>
</tr>
<tr>
<td>Nyabiyonza</td>
<td>14</td>
<td>263</td>
<td>363</td>
<td>626</td>
<td>57.9</td>
</tr>
<tr>
<td>Nyaishozi</td>
<td>24</td>
<td>81</td>
<td>205</td>
<td>286</td>
<td>71.7</td>
</tr>
<tr>
<td>Nyakatuntu</td>
<td>22</td>
<td>264</td>
<td>194</td>
<td>458</td>
<td>42.4</td>
</tr>
<tr>
<td>Mkombozi</td>
<td>1</td>
<td>-</td>
<td>29</td>
<td>29</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>115</td>
<td>1,592</td>
<td>2,066</td>
<td>3,658</td>
<td>56.4</td>
</tr>
</tbody>
</table>

| Percentage     | 43.5  | 56.5  | 100.0  |
| Average        | 13    | 177   | 230    | 406   | 56.6                |

Source: Karagwe Development and Relief Services (KADERES, 2011)
4.2.2 Governance Level
This is the second aspect used to assess participation of women in SACCOS. Table 3 presents the composition of SACCO board members. Female board members are fewer than males in most of selected SACCOS. This does not mean that their managerial capability is low. Some of women are being board members in other organizations such as faith based organizations (FBOs), schools, women organizations, community based organizations (CBOs) and non governmental organizations (NGOs). This confirms that empowering women through leadership training could motivate their participation and influence in SACCOS.

Table 3: Distribution of board members by sex

<table>
<thead>
<tr>
<th>Region</th>
<th>SACCOS</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
<th>Percentage of female board members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dodoma</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kibakwe</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>33.3</td>
<td></td>
</tr>
<tr>
<td>Lumuma</td>
<td>4</td>
<td>5</td>
<td>9</td>
<td>44.4</td>
<td></td>
</tr>
<tr>
<td>Mkombozi - Mrijo</td>
<td>3</td>
<td>6</td>
<td>9</td>
<td>33.3</td>
<td></td>
</tr>
<tr>
<td>Mnemia</td>
<td>4</td>
<td>5</td>
<td>9</td>
<td>44.4</td>
<td></td>
</tr>
<tr>
<td>Sapumabe</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>50.0</td>
<td></td>
</tr>
<tr>
<td>Umakiso</td>
<td>4</td>
<td>5</td>
<td>9</td>
<td>44.4</td>
<td></td>
</tr>
<tr>
<td>Chawima</td>
<td>3</td>
<td>6</td>
<td>9</td>
<td>33.3</td>
<td></td>
</tr>
<tr>
<td>Hozem</td>
<td>3</td>
<td>6</td>
<td>9</td>
<td>33.3</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24</strong></td>
<td><strong>35</strong></td>
<td><strong>59</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>40.7</strong></td>
<td><strong>59.3</strong></td>
<td><strong>100.0</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Karagwe</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kaisho</td>
<td>3</td>
<td>8</td>
<td>11</td>
<td>27.3</td>
<td></td>
</tr>
<tr>
<td>Iguwa</td>
<td>4</td>
<td>7</td>
<td>11</td>
<td>36.4</td>
<td></td>
</tr>
<tr>
<td>Kituntu</td>
<td>4</td>
<td>7</td>
<td>11</td>
<td>36.4</td>
<td></td>
</tr>
<tr>
<td>Kimuli</td>
<td>4</td>
<td>7</td>
<td>11</td>
<td>36.4</td>
<td></td>
</tr>
<tr>
<td>Kyerwa</td>
<td>4</td>
<td>7</td>
<td>11</td>
<td>36.4</td>
<td></td>
</tr>
<tr>
<td>Nyaishozi</td>
<td>5</td>
<td>6</td>
<td>11</td>
<td>45.5</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
<td><strong>42</strong></td>
<td><strong>70</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>40.0</strong></td>
<td><strong>60.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Selected SACCOS, 2011
The study by Towo (2004) Mtenga et al (2004), MUCCoBS Dodoma Center (1997) and Madundo (2006) showed that fewer women in leadership position of SACCOS are caused by the following factors:

**Minority Position at Membership Level**
It has been reported that since women are the minority at membership level, even their participation as candidates for board positions becomes difficult. It has also been showed that women tend to join SACCOS after men had taken different positions.

**Women behavior toward capability to lead**
Some women think that their ability to lead is not as that of men hence they tend to shy away from leadership position. These have affected those with the ability to lead not to contribute much in these organizations.

**Low education and self-confidence (inferiority complex)**
Women have leadership potential but some of them have low self-confidence due to low education levels. Their potentiality need to be nurtured and developed through training and exposure to leadership responsibilities before they can have the confidence to stand for board positions and become effective board members.

**Inadequate Understanding of cooperative financial institutions**
As already pointed out, generally there is inadequate understanding of cooperative financial institutions in Tanzania. This is for both males and females. However, this has more effect to women. Failure to understand the operations, policies, right and responsibility has made female members not to get even the positions in the board of directors.
4.2.3 Management Level

Table 4 presents sex-disaggregated data for management positions and the positions held by females in Dodoma and Kagera region.

**Table 4: SACCOS management positions distribution by sex**

<table>
<thead>
<tr>
<th>Region</th>
<th>SACCOS</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
<th>Percentage of women staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dodoma</td>
<td>Kibakwe</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>50.0</td>
</tr>
<tr>
<td></td>
<td>Lumuma</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>50.0</td>
</tr>
<tr>
<td></td>
<td>KIFISACCOS</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>40.0</td>
</tr>
<tr>
<td></td>
<td>Chawima</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>66.7</td>
</tr>
<tr>
<td></td>
<td>Hozem</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Sapumabe</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Mrijio Mkombozi</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Mnenia</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
<td><strong>17</strong></td>
<td><strong>25</strong></td>
<td><strong>36.0</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Percentage</strong></td>
<td><strong>36.0</strong></td>
<td><strong>64.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
<tr>
<td>Kagera</td>
<td>Kaisho</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>50.0</td>
</tr>
<tr>
<td></td>
<td>Igurwa</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Kituntu</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>50.0</td>
</tr>
<tr>
<td></td>
<td>Kimuli</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>50.0</td>
</tr>
<tr>
<td></td>
<td>Kyerwa</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Nyaishozi</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>50.0</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
<td><strong>8</strong></td>
<td><strong>13</strong></td>
<td><strong>38.5</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Percentage</strong></td>
<td><strong>38.4</strong></td>
<td><strong>61.6</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Selected SACCOS in Dodoma and Kagera, 2011

From the table above it is observed that females are fewer than males i.e. 38.4% females against 61.6%. The major reasons for fewer women are lack of relevant
skills. This is caused by the low levels of education and training among females especially in rural areas. The microfinance as a profession is still new in most areas of Tanzania. In addition few training institutions are providing training on microfinance management and SACCOS in particular. As a result of this few women are found in this area of specialization.

Some women consider employment in the cooperative movement as lowly paid as compared to other business entities hence stay away from applying job opportunities advertised by SACCOS.

4.2.4 Low savings and loan application

It has been mentioned that, women do save more than men and they have good repayment history. However, the data from Mpwapwa district (see table 5) indicate different story. This does not mean that women savings are lower than men but due to low participation in SACCOS and low motivation in saving with formal organizations.

Women are well known for being active in savings. This can be observed from household and institutional (group level). The data collected from Mpwapwa district shows that men save more than women. In the sampled SACCOS (SACCOS were selected) savings (shares, deposits and savings account) by women is 30% i.e. it account for 31% of internal capital of SACCOS.

The major reason for this situation is the fact that women tent to save more in informal financial groups where savings conditions are minimal. Similar situation exist for loan application where loans for men is 70% while for women is 30% to loan application. This hinders women productive and investment activities which contribute to employment and income generation.
Table 5: Distribution of savings and loans for members of SACCOS

<table>
<thead>
<tr>
<th>NO</th>
<th>Particulars</th>
<th>December 2008</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>NUMBER OF SACCOS</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>2</td>
<td><strong>MEMBERSHIP</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>2,141</td>
<td>53.5</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1,616</td>
<td>40.4</td>
</tr>
<tr>
<td></td>
<td>Groups</td>
<td>229</td>
<td>5.7</td>
</tr>
<tr>
<td></td>
<td>Institutions</td>
<td>16</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>4,002</td>
<td>100.0</td>
</tr>
<tr>
<td>3</td>
<td><strong>SHARES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>48,978,000</td>
<td>54.8</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>34,557,000</td>
<td>36.7</td>
</tr>
<tr>
<td></td>
<td>Groups</td>
<td>5,412,000</td>
<td>6.1</td>
</tr>
<tr>
<td></td>
<td>Institutions</td>
<td>350,000</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td><strong>Total Tshs</strong></td>
<td>39,297,000</td>
<td>100.0</td>
</tr>
<tr>
<td>4</td>
<td><strong>SAVINGS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>262,243,000</td>
<td>63.7</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>132,753,000</td>
<td>32.3</td>
</tr>
<tr>
<td></td>
<td>Groups</td>
<td>14,618,000</td>
<td>3.6</td>
</tr>
<tr>
<td></td>
<td>Institutions</td>
<td>2,005,000</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td><strong>Total Tshs</strong></td>
<td>411,619,000</td>
<td>100.0</td>
</tr>
<tr>
<td>5</td>
<td><strong>DEPOSITS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>125,708,000</td>
<td>71.4</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>36,213,000</td>
<td>20.6</td>
</tr>
<tr>
<td></td>
<td>Groups</td>
<td>4,964,000</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>Institutions</td>
<td>9,285,000</td>
<td>5.2</td>
</tr>
<tr>
<td></td>
<td><strong>Total Tshs</strong></td>
<td>176,170,000</td>
<td>100.0</td>
</tr>
<tr>
<td>6</td>
<td><strong>LOAN DISBURSED</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>1,120,506,000</td>
<td>68.8</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>483,033,000</td>
<td>29.7</td>
</tr>
<tr>
<td></td>
<td>Groups</td>
<td>22,251,000</td>
<td>1.4</td>
</tr>
<tr>
<td></td>
<td>Institutions</td>
<td>3,100,000</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td><strong>Total Tshs</strong></td>
<td>1,628,890,000</td>
<td>100.0</td>
</tr>
<tr>
<td>7</td>
<td><strong>LOAN REPAYMENT</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.3 Lessons learnt

The findings from the survey contain facts that range from benefits that are accruing to members, innovations and the economic synergy resulting from the existence of the member based MFIs. Those situations allow us to outline several lessons that are instructive for a member-based microfinance institution.

4.3.1 Important lessons to promoters of SACCOS

- The development of a member-based financial sector will require substantial financial commitment, skills and resources.
- The establishment process of SACCOS needs to be conducted at a pace set by the community or group concerned to ensure effective ownership and control.
- Member-based financial institutions should not be forced to render services for which they do not have the necessary level of expertise.
- Leadership must come from within the group. The driving force for member-based MFIs success should originate within its members. Promoters should be conscious of the importance of being capacity building facilitators and in
no way they should take over leadership responsibilities. Members must be committed to their organization because it will not succeed without their time, effort, and dedication. Often, the early years of a MFI are slow and frustrating. Member commitment is crucial during these times.

- Stand alone interventions for promoting member based MFIs especially in rural areas often can lead to minimal and short term impacts. MFIs are means to towards linking socio-economic activities within the community to locally available financial services and not an end in itself.

4.3.2 Lessons for sustainable SACCOS

Savings mobilization and credit provision through member-based MFIs should take into consideration the following aspects:

- Internal training measures should consider savings mobilization as an important component.
- Financial products –both savings and credit should evolve and conform to the realities of gender dynamism and not what promoters think they ought to be.
- In order to fulfill their role, member-based financial organization should serve a diversified clientele (the poor and the less poor) in both agriculture and non-agriculture environments/sector in order to link both social and economic needs to locally available productive resources and the financial services.

5. Conclusion and recommendations

5.1 Conclusions

The concern of this paper is how women participate in microfinance and the major obstacles facing them. While women are found to dominate informal financial
institutions very few participate in formal financial institutions including SACCOS which are male dominated at all levels – ownership/ membership, governance, and management. This calls for deliberate efforts to encourage all members of the community to participate in SACCOS.

Today, the policy of financial liberalization has led to the formation of private sector-based microfinance institutions, especially SACCOS, financial NGOs, government sponsored programmes and a number of savings and loans institutions so as to tackle some of these challenges.

This study has shown that if women capable of engaging in a wide variety of financial services activities remain operators of informal financial groups only, they will not contribute adequately to the development of SACCOS and other formal financial institutions. The implications of these findings for the financial sector are that until all institutions (public and private) in the local economy play their roles in the provision of various economic and social infrastructures, SACCOS alone cannot effectively support women to increase savings and contribute to development of financial sector.

5.2 Recommendations

5.2.1 Suggested Strategies to increase women participation in Microfinance.

Increasing Women’s Awareness and Understanding of SACCOS
The promoters can use various community meetings for this exercise. Gatherings like village assemblies and church services can be taken advantage of to sensitize communities. Meetings of informal groups like VSLAs, RoSCAs and SACAS are a good recruitment ground for women to join SACCOS. Success stories and role
models can also be applied. Female members from different SACCOS can be used for mobilization. Financial literacy should be part and parcel of sensitizations.

**Design New Products, Policies and Procedures**

SACCOs should develop products which are attractive and appropriate for women. There should be special savings and credit facility for women as some SACCOS have developed savings facility for children. Alternatively, SACCOs can become flexible by allowing one to open an account, buy at least one share, and pay for the remaining required shares in installments over an agreed period of time.

Introducing loan products such as a carefully designed business or agricultural loan products with reasonable grace periods, longer repayment periods and reasonable interest rates would attract women.

**Train Women in Business Skills**

Training in business skills is one way of increasing management and planning capacity for women who most of them are active in informal business. This will help to increase their ability to save and invest in profitable income generating activities.

**5.2.2 Suggested strategies to increase the female board members**

**Awareness rising**

SACCOS and other promoters should sensitize female members about member based MFIs especially SACCOs. Major focus can be on the governance, finance and products. This will benefit both men and women. The female board members should participate in this exercise so as to attract other women.

**Leadership skills development**

There should be a special programme to identify women with leadership potential, build their confidence and nurture them so that they can become candidate for
board positions. This can be done through training and exposure to leadership responsibilities at group level.

5.2.3 Suggested solutions to fewer females in management

Affirmative Action
A deliberate effort to recruit female staff into SACCOs should be done. This can be achieved through attracting potential female candidates during recruitment.

Create Opportunities for Female Staff to get Relevant Skills
SACCOS and cooperative promoters should place female staff with basic qualifications and interest in management positions, training and mentoring them. This will help in building confident and skills in specialized areas of microfinance management.

Encourage Young Girls to Join the Microfinance Profession
This is a long term plan which needs both financial and physical resources to achieve this objective. This can be done by providing special positions and assistance to ensure that young girls pursue courses in microfinance.

5.2.4 Strategies to increase savings and use of credit facilities

Training on income generation activities
SACCOS can organize various income generation training such as seasonal and off-season vegetable cultivation, livestock raising (pig, goat, and poultry) with different NGOs and district councils.

Awareness raising activities
SACCOS have organized various awareness classes for its members. They include gender equality, girl’s education, and microfinance training programmes. In
addition, SACCOS can arrange exposure visit programmes for their members so that they can learn from others on income generation and savings.

**Extensive research**

Extensive research is needed to be conducted on what features women members in SACCOS wanted and why they wanted these. The studies need to show at least four aspects which are important for savings mobilization namely: security, convenience, liquidity and return. This information will then be used both in the design of the financial products and services, instruments and in the advertising messages.

**Voluntary savings mobilization**

Sequencing savings mobilization can be used as a means for attracting potential members. Sequencing is crucial in the introduction of voluntary savings mobilization because it entails many aspects to be considered, such as product design and testing, marketing and advertising, administrative preparations, staff training and the like.

**References**


[51] Yunus, M (2004): Banker to the Poor: Micro lending and the Battle against World Poverty


[53] http/e.n.wikipedia.org/microfinance