ROLE OF MICROFINANCE INSTITUTION IN DEVELOPMENT OF SMALL AND MICRO – ENTREPRENEURS IN TANZANIA A CASE STUDY OF NATIONAL MICRO FINANCE BANK LIMITED CHAHE - CHAKE PEMBA

BY

MWANAIDI HAMZA CHANDE

BBA/22726/102/DF

A DISSERTATION SUBMITTED TO FACULTY OF BUSINESS AND MANAGEMENT IN PARTIAL FULFILMEN OF THE REQUIREMENT OF THE AWARD OF BACHELOR DEGREE OF BUSINESS ADMINSTRATION OF KAMPALA INTERNATIONAL UNIVERSITY

APRIL, 2012

DECLARATION

I Mwanaidi Hamza Chande, declare that the report presented to Kampala International University is my original work and has never been submitted to any institution for any award.

Signature..

MWANAIDI HAMZA CHANDE

REG. NO. BBA/22726/102/DF

Date...30th April, 2012...

APPROVAL

This work has been done under my supervision as an institution supervisor and submitted with my approval.

Signature..............................

DR. HENRY O. BARASA

Date.....30/4/2012.....

ACKNOWLEDGEMENT

I wish to express my gratitude to the Almighty Allah for having guided me to reach the final stage of my studies. I would like to acknowledge the varied assistance of the following persons and institutions in the course of my research report.

I would like to express my gratitude and most sincere thanks to my supervisor Dr. Henry O. Barasa for his time, guidance, encouragement, patience, tolerance, and exceptional attention rendered to me during the course of this work. I also acknowledge all my lectures who have imparted in me different some skills.

Special thanks to my husband and my family for their financial and moral support they gave me during the whole period of my studies in KIU.

My work would not have been successful without the generous co-operation of my colleagues especially Abubakar KH. Bakari, Ali H. Masoud, Maryam J. Ussi, Mpenda Yassin,Noella Phulgence and Suleiman A. Suleiman. I also would also like to acknowledge the good co-operation of National Microfinance Bank Staffs at Chake - Chake Branch.

Last but not the least; I thank all individuals who contributed in one way or another toward the success of this work.

"Thanks you and May God bless you".

ACRONYMS

CRDB	Central Rural Development Bank
GFEP	Global Financial Education Program
GOUP	Government of Uganda
MFIs	Microfinance Institutions
NMB	National Microfinance Bank
NGOs	Non - Governmental Organizations
SACCOS	Saving and Loans Cooperative
SMEs	Small and Medium Entrepreneurs
TGT	Tanzania Gatsby Trust
UN	United Nations

TABLE OF CONTENTS

ABSTRACT

This study examined role of microfinance institution in development of small micro entrepreneurs in Chake - Chake Pemba district in Tanzania. In this manner, the study investigated aspects of debt recovery, loan levels and client's business procedures as specific objectives of the study.

In the literature review, theories were used to support the study and concepts linked and analyzed to bring a conceptual framework As such, different scholars' view regarding debt recovery strategies, and loan provision are internalized.

A case study design was used and 70 respondents were sampled through stratified sampling methods. Interview, questionnaire and observation were the instruments used and both primary and secondary sources of data were all of great importance.

The findings reveal that debt recovery methods have detrimental economic, social and psychological impacts on clients and the reverse was true. Concerning the issue it was found out that yield better profits, expand and grow unlike their counterparts. Clients who accesses big amount of money operate fair business that gives them high profit margins and the reverse was true.

The researcher recommended that NMB should empower SMEs economically and reduce the moral hazards association with clients, monitoring system should be put in place for proper use of money and skilled personnel should be employed to clients.

CHAPTER ONE

INTRODUCTION

1.1 Background.

Microfinance in Tanzania began with NGOs and SACCOs (Saving and Loans Cooperative) in 1995 and has continued to grow with the increased success of microfinance internationally. Microfinance is still a relatively new concept in Tanzania. Beginning in 1995, it was mainly linked to women and poverty alleviation. The government tried to convince commercial banks to support small and micro entrepreneurs. Once the National microfinance Policy was implemented in 2001, microfinance was officially recognized as a tool for poverty eradication and with its increased use and exposure to the country; banks have taken an interest in offering microfinance.

The National Microfinance Bank (NMB) is an institutional provider of microfinance services, and the AKIBA Commercial bank and CRDB Banks are also two big supporters of microfinance. There are additional institutions involved in microfinance in Tanzania, including FINCA, TGT, PRIDE and SEDA as well as the Tanzania Postal Bank. Community banks and small banks have taken an interest in this, as well as many NGOs and non – profit organizations.

Microfinance Institutions (MFIs) are specialized providers of financial services to micro – enterprises. Contrary to traditional money lenders, the MFIs tend to offer a large number of clients the opportunity to enter into a virtuous cycle of growth and capital accumulation thanks to their scale of operations and cost efficiency.

Worldwide, mature microfinance institutions will have portfolio at risk rates under 6% (Africa 2%, Asia 2%, Eastern Europe 1%, and Latin American 3%), which largely beats the non performing loans levels of mainstream finance and commercial credit banks. Randhawa and Gallardo (2003).

Small and micro entrepreneurs face many hurdles in getting startup financing, and they sometimes lack the skill necessary to manage the financial aspect of their business. As a result, many small and micro entrepreneurs cannot grow and develop their business beyond a micro enterprise. Various micro enterprise development programs have helped micro entrepreneurs achieve great success and growth. .These micro enterprise developments programs have immensely helped micro entrepreneurs who lack collateral needed to secure a loan or those who have low or not credit by providing then with training, support, help in developing a solid business plan, and assistance in building their business. Successful small and micro entrepreneurs have contributed much to society by creating wealth, economic assets, and jobs. Albaladejo & Schumitz (2001).

1.2 Statement of the problem.

Although Microfinance have been praised for its effectiveness in poverty reduction strategy in many countries, Randhawa and Gallardo (2003) revealed that microfinance services have failed in addressing their cardinal objective that is, empowering the poor economically. In their explanation, Randhawa and Gallardo (2003) indicated that microfinance institutions tend to charge high interest rates on borrowers and their volume of leading tend to be minimum. However, some personalities likes Annan, (2003) asserts the Microfinance Institutions still remain powerful poverty alleviation tool among the poor.

They agreed with Chake - Chake district micro entrepreneur is very poor because many micro finance institutions they provide loans for entrepreneurs even if they charged high interest rates on borrowers they have not recovery on time and also they not expand our enterprises.

The micro financing at the grassroots have activities that involve the poor and this could be benefiting them as well in their capacity as borrowers and clients. This study thus is an attempt to find out the role played by microfinance institutions particularly focusing on the development of small and micro enterprise.

1.3 Purpose of the study.

The research aims to analyze and evaluate the role of micro finance institutions in the developments of small and micro entrepreneurs in Chake - Chake district.

1.4 Objective of the study.

- To determine demographic profile of the respondents in term of age, gender, education, working experience.
- To establish how MFIs financing influences economic empowerment and livelihood of clients.
- Find out how loan provision influences economic empowerment and livelihood of clients.

1.5 Research Questions.

The study seeks to answers the followings research questions.

- What is the demographic profile of respondents in term of gender, age, education, qualification, and working experience?
- In which way do MFIs finance and how does this affect economic empowerment and livelihoods of clients in Chake - chake district?
- How do loans being provided by MFIs affect the clients' economic empowerments and livelihood in Chake - Chake district?

1.6 Null hypothesis.

There is no significance relationship between role of microfinance institutions in developments of small and micro entrepreneurs in Tanzania Chake - Chake Pemba.

1.7 Scope of the study.

Concerning the geographical scope of this study, the study was carried in Chake - Chake district, Pemba Inland Eastern part of Tanzania.

In content scope of the study focused on role microfinance institutions in development of small and micro entrepreneurs in Chake - Chake district. In doing so, aspects of credit loan provision and recovery, were investigated and their influence on economic empowerment and livelihood of SMEs.

1.8 Significance of the study.

The study has the following significance:

Information provided in this research may help policy makers in formulating strategic policies with regards to poverty alleviations through microfinance institutions. If this is done, millennium development goal that every developing country aims to achieve may be reached.

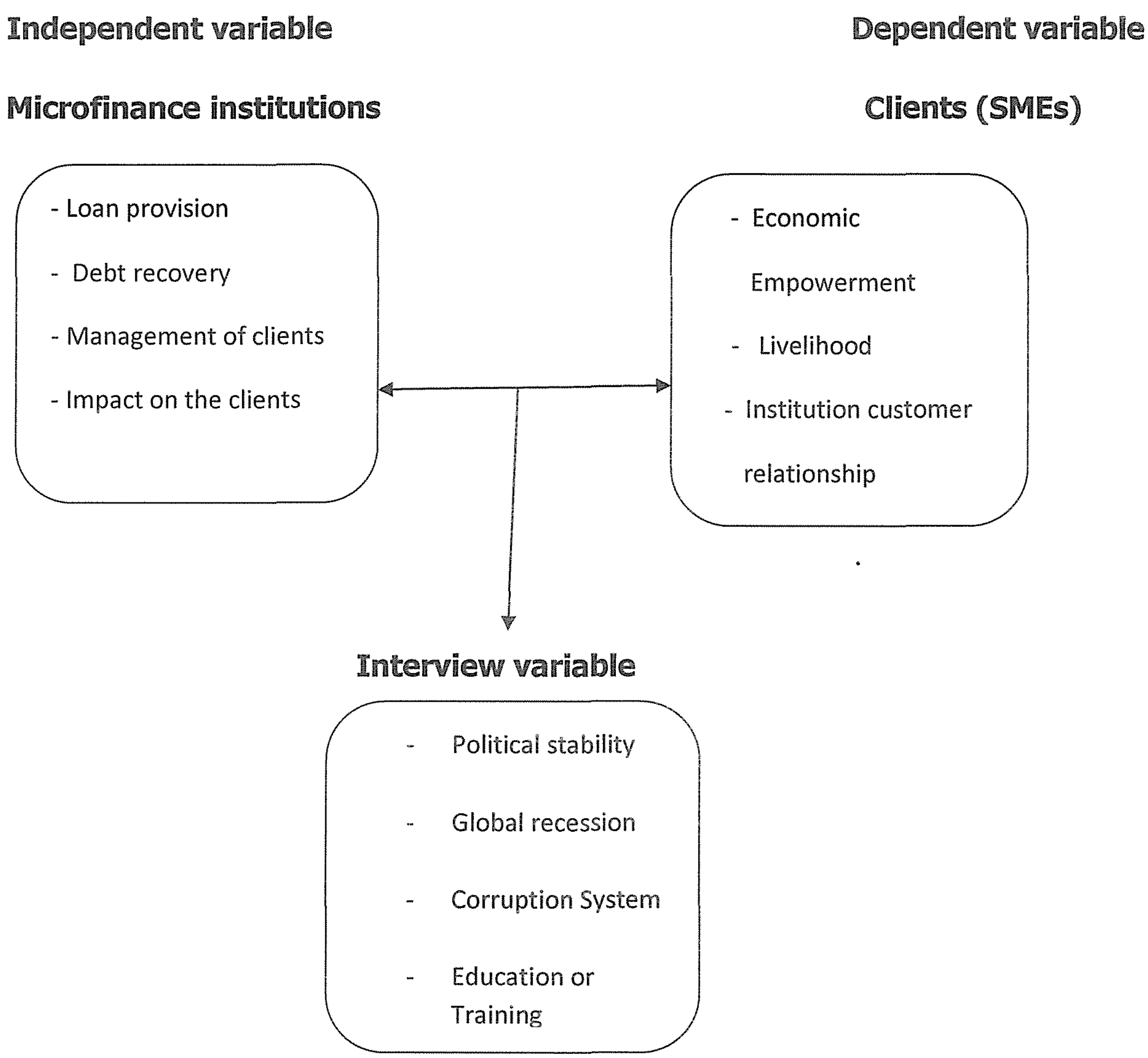
This research will be useful to management of microfinance institutions especially in determining appropriate strategies to recover loans, of clients and take interventions, loans provisions and charging interest rates. If appropriate means are employed, microfinance institutions will come to achieve their cardinal objective of poverty reduction among the poor population.

Recommendation in the research may help some clients to learn appropriate ways of investing loans such that they get economically empowered and their livelihood improved.

The research findings will contribute to the existing theories on Microfinance institutions and SME's focusing on their role in poverty alleviation. This means that the study may act as a source of reference hence contributing to academic career of the researcher.

Lastly, this research will be in partially fulfillment of the academic requirements for the award of Bachelor in Business Administration of Kampala International University.

1.9 Conceptual framework.



Sources: Author 2009

1.9.1 Loan Provision

Loan provision in this research involves the act of lending some amount of money to an individual or group of individuals for investment purpose such that the person or persons pay the amount borrowed back with agreed terms and conditions within a specified period of time while remaining economically empowered and their livelihood improved.

1.9.2 Debt Recovery

This refers to all possible ways employed by microfinance institutions to ensure that all the arrears with clients from the loans granted are fully and appropriately returned with interest rates charged within a specified period of time so that the SMEs are continue to be economically empowered and their livelihood improved.

CHAPTER TWO
LITERATURE REVIEW

2.1 OVERVIEW

This chapter will seek to analyze what authors and scholars have said about the topic under study that is, roles of microfinance institutions in development of small and micro entrepreneurs. Issues of interest to be analyzed in this chapter include credit recovery, and loan provision and the influence of each of these aspects on economic and livelihood of clients.

2.2 Review of Past Related Studies.

The related literature review will be done under objective by objectives.

2.2.1 Loan Provision by MFIs and its Influence on Economic Empowerment and Livelihood of Clients.

This issue on loan provision in microfinance has also been greatly discussed and there has been divergence in ideas concerning interest rates charged on loans given to clients. In study on loan provision to SMEs in Bangladesh, Jairo et al (2004) noted that microfinance is at least as much about business as it is about philanthropy. Although microfinance institutions, or MFIs, take a risk by lending to people with almost no collateral, the high interest rates they charge – sometimes as high as 20% - can have the inverse effects of what's intended: Rather than giving the poor a hand to help them out of poverty, having to pay such high interest can prevent the families from being able to build their own savings, keeping them reliant on loans forever, or at least, for the foreseeable future. According to Jairo. et al, the longer they're (SMEs) on loans, the more money the MFIs makes. The interest rates seem especially unnecessary when you consider the fact that some of the longer MFIs, such as Grameen Bank and BRAC, had surpluses amounting to more than a million dollars recent years.

In a similar way Khandker and Shahidier (1999) indicate that some SMEs in Bangladesh often seen MFIs as doing nothing more than "drinking the people's bloods".

In answering why microfinance institutions charge higher interest rates on their lending Christen et al (2003) highlights some of the key issues related to micro credit interest rates. Christen et al stressed that MFIs interest rates are set with the aim of providing viable, long term financial services on a large scale. As for him, MFIs must set interest rates that cover all administrative costs, plus the cost of capital (including inflation), loan losses, and a provision for increasing equity. "Unless MFIs do so, they may only operate for a limited time, reach a limited number of clients". In the authors analysis they noted that the fact that microfinance institutions' clients continue to increase reveals that MFIs loan provisions are affordable and do boost economic power of SMEs and sustain their livelihood.

MFIs loans have also been seen as helpful to avail the poor with small scale loans that would introduced them to small enterprise sector (Annan, 2003).This could allow them to be more self reliant, create employment opportunities and help to engage the SMEs in economically productive work which helps to improve their standards of living. UN report (2003) reveals that over two million entrepreneurs help themselves out of poverty through microfinance loans in every five years.

MFIs enable people to access a wide pool of stable low cost funding which can reduce dependency on external funding sources and present any opportunity to become self reliant through the expansion of the business (World Bank 2003).

In Mishkin's research report on MFI (2006) it was indicated that microfinance institute (MFIs) have since mid 1990s gained a wider recognition for the role they play in providing financial services to SMEs and their contribution to poverty alleviation. As the loan provision by MFIs was evidenced to be instrumental in development process, Mishkin (2006) noted that government, donors and other practitioners in developing and implementing programs have rapidly advanced support to microfinance initiatives in Uganda, as well as the dramatic expansion of the microfinance industry.

Research on MFIs in Africa recently shows that over three thousand MFIs are being accessed by low income people especially the rural poor (UNDP, 2004). These institutions are said to have made tremendous successes in reducing poverty level in Africa. Microfinance institution in Uganda for example is said to have grown rapidly between 1998 – 2003 due to the combination of significant donor funding (approximately $40 millions). At the end of 2003, approximately 1500 MFIs were serving more than 935,00 small saver and close to 400,000 borrowers in the country (Mishkin, 2006). The microfinance industry in Uganda become most vibrant in 2003, when the government of Uganda (GOU) in seventh parliament passed an Act which created condition for MFIs to become regulated deposit taking institutions. Recently the GOU earmarked Ministry of Microfinance in order to able efficient microfinance outreach in rural areas.

In one of the recent of discussion by director of major microfinance institutions in Jordan on how to plan activities (Goetz, 1995), expansion of business development services to small – and medium – sized enterprises (SMEs), and consider new strategic direction for the program, it was revealed that SMEs account for 98% of overall employment in Jordan (Christen et al 2003). This means that the loans provided by MFIs to SMEs have been properly invested and the institution is playing its rightful role in alleviating poverty.

Accessibility to financing has also been found to be one of the critical factors that ensure the viability and sustainability of a business venture. To the poor, accessibility to financing is often the biggest stumbling block towards realizing a business opportunity mainly due to lack of physical collateral. Realizing this limitation, Mishkin (2006) put it that microfinance is being introduced with the objective of providing the poor the accessibility to finance so that their standards of living can be improved. Microfinance can be seen as an effort to improve poor people's access to loans and serving services.

Having seen how useful is the micro credit is to the economic prosperity of SMEs around the globe, it has been established that a movement in India is seeking to establish credit as a human right and to raise $20 billion to provide microfinance to 100 million of the world's poorest families by 2005 (Khandfdker & Shahidier, 1999). Today, microfinance has a global outreach and become the fastest growing and most widely recognized anti – poverty tool. The concept of microfinance has been widely accepted and applied as an element of national development policy for poverty reduction strategy in many countries throughout the world.

From indications of various scholars such as Khandker and Shahidier (1999), Mishkin (2006) and Christen et al (2003) on loan provision by MFIs, there still exist differences in ideas where some scholars reveal that microfinance loans are draining the poor while other believe that loan provisions by microfinance institutions tremendously play greeter role in economic empowerment and improving the livelihood of clients. This calls for further investigated the case of NMB.

2.2.2 Influence of Debt recovery on Economic Empowerment and Livelihood of SMEs.

While regulators and financial service providers readily discuss statements on ethical treatment of clients, pro-consumer protection pledges, and codes of conduct, Bates (2006) noted that one of the issues of great concern in microfinance industry is debt recovery approaches.

Brach et al (2002) for example asserts that reducing arrears is crucial if MFIs are to achieve self- sufficiency. They however, cautioned the MIF staff to understand the causes of arrears – whether from client's testing the MFI's determination to collect, crises in client's lives, loans that are too large, or loan given on the basis of favoritism. In the authors analysis they indicated that inappropriate debt recovery methods should not be used since they will have long term financial effects on the lives of SMEs.

In January 2008, the Global Financial Education Program (GFEP) in partnership with Finrural in Bolivial conducted market research to identify consumer protection concerns and needs. The GFEP noted that financial institutions with friendly debt recovery strategies tend to promote well being and livelihood of their clients and 65 percent of the clients of such institutions had clearer trend in their economic advancement than their counter parts. Brown (2008), This suggest that treatment of clients and also forms an important aspect of economic empowerment. Although GFEP did not present how exactly friendly debt collection approaches enhance economic empowerment of SME and improve their livelihood, the research believes that debt recovery approaches psychologically play tremendous role in building business confidence hence facilitating their economic affairs.

In research by Christen et al (2004) it has been noted that some microfinance institutions use improper debt – recovery methods including seizing assets or publicly embarrassing the borrower. Study in Bolivia for example, showed that such practices are legal and widely accepted, and clients do not denounce them. This improper debt recovery approaches affects economic empowerment and livelihood of SMEs in sense that the value of assets seized in most cases exceeds the actual amount demanded by microfinance institution.

In one of the recent report, it was revealed that unprofessional debt collection approaches destabilize the SMEs' economic and social life. Goetz and Gupta (1995) noted clearly that debt collection requires a strategic, appropriate and specialized approach and an understanding of the people involved, their businesses, families and other relationships. The authors suggest that MFIs should establish a depth of understanding, in addition to skills and resources to work together with their clients and each other to identify appropriate options of debt collection and implement effective solutions that can sustain economic stands of SMEs.

In a similar way Mishkin (2006) noted that although MFIs incur a lot of risks in their business deals with SMEs, they should take appropriate measures in debt collection that does not endanger the economic and social welfare of their client. Citing an example with some MFIs in Bangladesh, Mishkin (2006) indicate that MFIs that have dedicated team of debt recovery specialists understand professional and personal relationships, are experts in company and personal insolvency, pro-actively indentify and mange risks, manage commercial sensitivities, maintain independence to avoid conflicts of interest and financial and economic damage of their clients as well as of the financial institutions.

In one of the MFIs with friendly debt collection strategies in India, it was found that 72 percent of the SMEs of the MFI were empowered economically hence capable of meeting their basic needs (Goetz & Gupta 1995). One of the factors fort the clients economic empowerment and prosperity was that the institution's team works closely with financiers and companies which are genuine about solving financial problems by, taking time to understand the strategic issues and stress unique to each situation, providing investigative accounting and debt recovery techniques to maximize outcomes, determining the appropriate courses of action – whether a formal insolvency administration or informal role, working through implementation of the plan for the benefit of the relevant stakeholders – financiers, directors , shareholders or credit providers, offering alternatives to bankruptcy or liquidation.

From different analysis of authors or scholars on debt recovery, the researcher is of the view that much as MFIs need to recover all debts for their sustainability, they need to have clear and effective credit policies and procedures approved by the board of director that are followed by credit officers. If the policies and procedures are not effective, then the credit officers need to have a hand in creating new ones. Management and credit officers also need to pay attention to details. The averages arrears rate of each credit officer's portfolio should be tracked weekly or biweekly and credit officers must respond quickly to problem of clients in their portfolios. Likewise the credit supervisor must respond quickly to solve credit officer problems.

CHAPTER THREE

METHODOLOGY

3.1 Overview

This chapter dealt with the research design, sampling procedure which included stratified random sampling, sample size, method of data collection which included interviews questionnaire, and the method of analysis.

3.2 Research design

A case study design with both qualitative and quantitative techniques was used. This design was chosen as appropriate because the study investigated role of microfinance institutions on development of small and micro – entrepreneurs and it would be tiresome and expensive for the researchers to conduct the study in all different micro – finance institutions. The design was also chosen because case studies are suitable for intensive investigations and analysis of a single phenomenon structure or group being studied.

3.3 Target Population

The study was conducted at National Microfinance Bank Limited Chake - Chake branch in heart of Pemba. This microfinance institution was selected to act as a representative for all other microfinance institutions because it is more accessible than other microfinance institutions because it is more accessible than other microfinance institutions in the district.

The target population included SMEs who get loans from National Microfinance Bank, Chake - Chake branch. Additionally, staff members of the bank involving both management and operative were selected. The study selected the SMEs and the staff of the financial institution in order to provide appropriate, relevant, sufficient and realistic information about the topic under study.

3.4 Sampling Design

Stratified random sampling was used to select respondents in this study. Stratified random sampling was chosen because of its flexibility in permitting investigation of different personalities of interest for specific subgroups. Mugenda et al (2003) in their researcher report asset that stratified random sampling design is significant in sense that it enables the researcher to carefully select key respondents that are relevant for the study. This is suggests that stratified sampling method helped in selecting informants who were capable of providing sufficient and topic related data for the study. The researcher selected 70 informants for this study and involved the management, loan officers and NMB clients or the SMEs.

Table 3.1: Sample Size

Departments	**Population**	**Sample size**	**Percentage**	**10%**
Management	40	4	6	10
Loan Officers	120	12	17	10
NMB borrowers (SMEs)	540	54	77	10
Total	**700**	**70**	**100**	**10**

Source: Primary Data Centre.

Following the recommendation of Gay (2003) on descriptive research, the researcher accessed ten percent of total population as representation for investigation. This means that from the management department a ten percent of 40, that is 4 respondents, 12 respondents were pick from ten percent of 120 loan officers, and 54 informants selected from ten percent of 540 NMB borrowers hence making study population large enough to represent the salient characteristic of the accessible population and hence a target group. In the research process, the researcher also noted that the ten percent of respondents sampled from the various departments were capable of delivering information the researcher needed hence affirming the recommendation Gay (2003).

3.5 Data collection Tools and Procedures

While carrying the study, the researcher employed a variety of methods among which included questionnaires, interviews and observation.

3.5.1 The questionnaire

Questionnaires were used because they could collect information from many respondents in a projected timeframe. All respondents were asked the same question except in technical circumstances. 70 copies of questionnaires were used to collect data from respondents. 16 questionnaires were administered to NMB staff and 54 copies went to small and micro – entrepreneurs (borrowers) of the bank. These questionnaires composed of both close-ended and open- ended part. Close ended questions were preferred because they were easy to answer and score, while open ended questions were intended to give respondents a chance to support their opinions in a free atmosphere in addition to predetermined choices.

3.5.2 Interview

Both formal and informal interviews were conducted with 4 staff members of NMB and 6 long term customers of NMB. Guiding questions were used for interviews but during the course, other questions were asked depending on the responses by the respondents. Results from interviews helped in complementing information that was obtained from questionnaires. During interviews, clarification on some of the statements made by informants took place enabling the interviewee to reveal his or her view point. Information that could not be revealed through questionnaire method was obtained through interview technique.

3.5.3 Observation

NMB borrowers' economic status and livelihood in Chake - Chake district was also observed and monitored in order in order to analyze role of microfinance institutions in development of a small and micro – entrepreneurs. Open observation techniques were used so that participants were informed of the nature of the study and the identity of the researcher was passive. An observation checklist was used to guide the researcher during this process.

3.5. 4 Research Procedures.

An introduction letter was secured from the Kampala International University, department of School of Business Administration to enable the researcher to visit NMB (Chake - Chake Branch) to inform them formally about the forthcoming study. A list of employees was obtained from the branch manager and a list of NMB borrowers are obtained from loan officers.

Pilot study with the focus group was done and this enabled the researcher to determine the effectiveness, validity and reliability of questionnaire and interviews.

Permission to conduct the study was then obtained from the relevant authorities at National Microfinance Bank, Chake - Chake branch. With the help of research assistant, the researcher administered questionnaires to the SMEs and to the selected staff members of National Microfinance Bank, Chake - Chake branch additionally interviews were organized.

Information from respondents was recorded and used to derive conclusions about role of Microfinance institutions in development of SMEs. Care was also exercised in ensuring that the rights of those respondents were protected. The study respected human dignity and concealed the identity of respondents in the study. Only informed consent was required.

3.6 Data Analysis and Presentation

Both qualitative and quantitative data analysis techniques were used in the data analysis and presentation. The findings were discussed, analyzed and presented in form of tables, and other descriptive methods that were backed by frequency and percentage presentation. The researcher ran all the data presentation and analysis manually.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND FINDINGS

4.1 Overview

This chapter presents the findings of the study, the analysis and interpretation of the results. The findings were analyzed in relation to the objectives of the study and literature reviewed. Findings were derived from the questionnaires and interviews to the respondent in Chake - Chake Pemba.

4.2 Demographic Characteristic of respondents.

4.2.1: Age group

Respondents were asked to tick their relevant age interval as indicated in the table 4.1

Table 4.1: Age Distribution of Respondents

Items (Age)	Mid point (m)	Frequency (f)	Mf	Percentage
20 – 29	24.5	20	490	28.6
30 – 39	34.5	18	621	25.7
40 – 49	44.5	15	667.9	21.4
50 – 59	54.5	10	545	14.3
60 – 69	64.5	7	451.5	10
Total		**70**	**2775**	**100**

Source: Primary Data

$$\text{Mean} = \frac{\sum mf}{\sum f} = \frac{2775}{70} = 39.6$$

Since the mean age of respondents investigated was 39.6 years, it can be said that most of the SMEs who formed the greatest number of respondents in this study were in the age groups that actively participate in economic activities and those with rich banking culture hence capable of giving significant information on the role of MFIs in the development of SMEs.

4.2.2 Gender

Respondents were also asked to tick their appropriate gender during the study process. Table 4.2: illustrates the summary on the gender of respondents.

Table 4.2: Gender - Wise Distribution of respondents.

Gender	**Frequency**	**Percentage frequency**
Female	22	31.4
Male	48	68.6
Total	**70**	**100**

Source: Primary Data

As shown on Figure 4.1, most of the respondents sampled for this research were men. Women formed 31% of the respondents while men formed 69%. The reason for gender imbalance was that most of the clients and workers of NMB were men due to various reasons among which lack of education and restriction of women to participate in economic activities. It is because of this that the number of male respondents outnumbered that of female. The good thing was the gender imbalance in the study did not affect research findings.

4.2.3 Highest Education Level

Education level of respondents was also investigated in the field. The summary of this is presented in table 4.3.

Table 4.3: Education Based Distribution of Respondents

Level of education	Male frequency	Percentage	Female frequency	Percentage	Total Percentage
Primary	5	7.14	2	2.86	10
O – level	14	20.0	6	8.57	28.6
A – level	15	21.43	10	14.29	35.7
University level	14	20.0	4	.5.51	25.7
Total	**48**	**68.6**	**22**	**31.4**	**100**

Source: Primary Data

Table 4.3 shows that a big number of respondents (35.7) attained A-Level and this was followed by (28.6%) of respondents who attained O-Level. To those who attained higher level of education formed 25.7% of the respondents while those who stopped in primary school were 10%. This suggests that most of the most of the respondents were literate enough to reveal relevant information needed for the study. The number of respondents who stopped in primary school was less because NMB mostly deals with those who are capable of understanding financial details of the bank. In other term, most of the illiterate do not access NMB services since most of them have poor formal serving and credit culture.

4.2.4 Number of Years Worked in NMB

Both SMEs and staff numbers of NMB those sampled) were asked of how many years they have worked in or with NMB. This information was investigated so as obtain detailed information on strategies of debt recovery, and loans provision as employed by NMB since the researcher believed that those who have worked with or in the institution for longer period could have had richer experiences on issues such as debt recovery, and issues of loan provision. Below is the summary on the number of years the respondent's had spent with the financial institution.

Table 4.4: Number of Years Worked in NMB

Number of year	Frequency (f)	Mid Point (m)	Cumulative frequency (f)	Fm
1-5	10	3	10	105
6-10	22	8	32	172.5
11- 15	20	13	52	126.5
16-20	18	18	70	93
Total	**70**			**497**

Source: Primary Data

From the data presented in Table 4.4, median number of years in which respondents investigated have worked in on with NMB was calculated and the result obtained was 12. Since the calculated median on the period of year respondents have worked with or in NMB was 12, and this falls in the class interval of 11 to 15, it can be said that half of the respondents sampled have worked in or with NMB for more than 12 years.

4.3 Loan Provision and Economic Prosperity and Livelihood of SMEs.

Before a deeper investigation into the issue of loan acquiring on the side of clients, the researcher demanded how SMEs had come to know about NMB, Tanzania and the result of this.

The issue on loan provision to clients was also one of the focal points in this research. One of the important aspects demanded of respondents was requirements considered before a client accesses a loan. According to the information from respondents, one need first to open up an account with NMB in order to access its loans, authentically give out his or her permanent address and valid identification card (ID), declare and have genuine referees such as employer or relatives who also consent of your idea of wanting to acquire loans. Additionally, one also needs to spell out clearly their reason of acquiring the loan and understand and agree with the terms and conditions in place. For those who went big loans, some collateral in form of some tangible and fixed valuable asset are required. These aspects therefore give some assurance to the bank and enable the bank freely lend the sum of amount an individual or a group of individual acquires.

The management of NMB has also set its minimum and maximum amount of money to be given to clients inform of loans. As one of the senior managers of the bank said, the minimum amount of money the bank offers to clients is 100000 Tanzania shillings and in most case the minimum is 5000000 Tanzania Shillings. Giving reasons to explain why the bank offers such figures, the senior manager exclaimed that since the money given out is purposely to encourage local population to engage in business activities, the management believes that amount below 100000 Tanzania Shilling may be insufficient for individuals to run business properly and offering amount more than 5000000 Tanzania Shillings is sometimes risky and to make sure that the bank remains with sufficient amount of money required by the central bank. However, under special cases, the bank may make some arrangements to offer a loan of more than 5000000 millions to some clients depending on the level of money in the bank and the value of the collateral the client has.

Respondents also reveal that NMB loans are accessed by both individual clients and group of individuals so long as the individuals agree with the terms and conditions already set by the bank. Some of the activities in which the clients of NMB engage themselves with the loans they acquire include poultry keeping, food joint and restaurants, retailing and wholesaling, welding, dairy farms, fishing among others. Much as most of the clients complained of the 19 percent of the interest rates set by the bank, the management praised the interest rates of the bank by saying the it is actually one of the lowest interest rates in the country since most of the financial institutions around charge from 20 percent and others even more than 20. As such, the researcher sided with the management as clients continue to be attracted by the interest rates and by the fact that the clients continue borrowing from the bank. This suggest that the interest rates of the bank are affordable and client friendly. The interest rate charge on clients enables the bank to meet its operational costs hence encourages the sustainability of the Microfinance institution.

In citing some of the tangible effects of the NMB loans on clients' economic empowerment and livelihood, it was noted that the clients who properly invest their money in productive and well planned business activities earn some profits which enables them to expand and develop their business activities hence empowering them economically.

Besides expanding their business activities with the profits realized from the business, over 70 percent of the clients in estimation were also capable of catering for their families basic needs such as medication, education, better structure houses and get at least two hot meals in a day. This means that most of the NMB clients' who are focused in their business activities generally have improved standard of living as compared to their counterparts or those who could not access the loans.

Furthermore, due to some training, sensitization procedures and guidelines on how clients can manage their business activities and progress, it was noted that over 60 percent of the NMB clients have become knowledgeable and experienced in issues regarding loans and business opportunities. This allows the clients to borrow loans from any financial institutions and engage in different business.

4.4 Target Group of NMB Loans

One of the issues on loan provision that was investigated was the target groups for NMB. The findings are presented on table 4.5

Table 4.5: Target Group of NMB Loans

Responses	**Frequency**	**Percentage**
Group	8	11.4
Individuals	6	8.6
All the above	56	80
Total	**70**	**100**

Source: Primary data

From the findings on Table 4.5, the findings indicate that NMB targets or lends both to individuals and groups. This suggests that the bank is not discriminative in its lending procedure hence trying to empower all kinds of people both economically and socially.

Further investigation was also on whether both small and medium entrepreneurs benefit from NMB and the findings are summarized on Table 4.10

Table 4.6: Whether both Small and Medium entrepreneurs Benefit from NMB.

Responses	Responses	Percentage
Yes	65	92.9
No	4	7.1
Total	**70**	**100**

Source: Primary Data

The impression on the above data presented in Table 4.6 is that both small and medium entrepreneurs benefit from NMB, meaning that they all do access loans from the bank for business purpose.

4.4.1 Level of Loans Lent by NMB to SMEs in Chake - Chake

The researcher was also interested in finding out the level of loans given to SMEs to start up business and 4.7 is the summary of the findings.

Table 4.7: Loan Levels given to SMEs.

Loan levels	Frequency	Percentage
100000-250000	17	24.3
250000-400000	15	21.4
400000-550000	13	18.6
550000-600000	10	14.3
600000-750000	7	10
750000-800000	5	7.1
800000-5000000	3	4.3
Total	**70**	**100**

Source: Primary Data

From the findings presented on Table 4.7, it was discovered that the maximum amount of money given by NMB to SMEs in 5 million Tanzanian shillings. However, most of clients receives or were given minimum amount of money to start up business. According to one of the management of NMB, the institution first gives small amount of money to testify client's capability to repay back loans and if they prove capable, their volume of loan increases over time.

4. 5 Debt Recovery by NMB and Economic Empowerment and Livelihood of SMEs in Chake - Chake Pemba.

The respondent were asked about whether NMB has debts with SMEs and the responses are summarized in the Table 4.5

Table 4.8 Whether NMB has Debts with SMEs

Responses	**Frequency**	**Percentage**
Yes	52	74.3
No	14	20
Non response	4	5.7
Total	**70**	**100**

Source: Primary data

From Table 4.8, it can be observed that 74.3% of the respondents confirmed that NMB demands some of its clients because they have not complied with their loan repayment agreement. According to the credit officer on NMB Chake - Chake Pemba branch, despite measures being taken, the challenge of clients failing to pay or delaying to repay their loans remains high.

Having found that NMB has debts with respondents, the researcher had to direct the question to clients seeking to find whether they face challenges in their loan repayments and the results of these are presented in Table 4.9

Table 4.9 Whether SMEs face Problems in Repaying their Loans

Responses	Frequency	Percentage
Yes	54	77
No	14	20
Non response	2	3
Total	**70**	**100**

Source: Primary data

From the data presentation on Table 4.6, it was noted that 77 percent of the respondents claimed that they truly face difficulties in trying to repay their loans while 20 percent declares that loan repayment was not a problem. Much as most of the respondents consulted agreed that they face challenges in their loan repayment, the researcher discovered that it was the clients making themselves in problems since many of them could not put their loans into the rightful uses.

4.5.1 Debt Recovery Strategies Used by NMB.

Research on debt recovery strategies employed by NMB was done and the summary of this is summarized in Table 4.7.

Table 4.10 Strategies of Debt Recovery Employed by NMB

Responses on Strategies	Frequency	Percentage
Giving clients more time to pay	4	4.3
Attaching clients salaries	5	7.1
Asking referees to pay	5	8.6
Selling clients salaries	8	11.4
All of the above	36	51.4
Total	**70**	**100**

Source; Primary data

4.6: The Grace Period given and the interest Rate Charged by NMB

The issue on the grace period given to clients was also vital in this research. Respondents were asked to specify the grace period NMB offers them to start their loan repayment and this is summarized in Table 4.11.

Table 4.11: Grace Period offered to Borrowers' of NMB Loans.

Responses	Frequency	Percentage
Two weeks	7	10
One month	38	54.3
Two months	8	11.4
All of the above	17	24.3
Total	**70**	**100**

Source: Primary Data

Table 4.11 indicates that most of the respondents (about 60 percent) confirm that NMB offer a period of month as a grace period for its borrowers to start repaying their loans while other respondents also cite a period of two weeks an two months respectively as grace period. Further investigation into why NMB offers different grace period reveals that it is due to the nature of the business a client endorses to the management of the bank that determines the grace period. This means that projects that can mature in shorter period of time are given a shorter period while those they tend to take long to mature are given longer grace period. This justifies the different in grace period.

Having found the different periods of grace period given to clients to repay their loans, the researcher went ahead to ask whether the grace period given to the SMEs was sufficient enough or not and the results are demonstrated on Table 4.11.

Table 4.12: Whether Grace Period given is Sufficient or not.

Responses	Frequency	Percentage
Yes	18	26
No	50	71
Non response	2	3
Total	**70**	**100**

Source: Primary data

From the Table 4.12, it can be noted that most of the respondents (71 percent) claimed that the grace period offered to them to enable them start repay their loan was sufficient, 26 percent of the respondents believe that the grace period was sufficient enough for them while 3 percent of the respondents had nothing to say about the question. From these responses, the researcher contends that much as most of the respondents reveal that the grace period given to them was not enough for them; this could have been for their selfish interest since they could not resist or negotiate with the bank for an extension of grace period.

The level of interest rates charged on clients' loan was also investigated and Table 4.13 indicates the summary of findings regarding the interest rate charged by NMB.

Table 4.13: Interest Rate Charged by NMB on Loans

Interest Rate	Frequency	Cumulative Frequency
01-05	-	0
06-10	-	0
11-15	-	0
16-20	70	70
21-25	-	70

Source: Primary Data

From the data presented on Table 4.13, Medium interest rate charged by NMB on loans borrowed by SMEs was calculated and the result was 19 percent. Since the calculated medium on interest rates charged by NMB on loans in 19, the researcher contends that the interest rates are relatively high for clients whose business intentions are to be economically empowered and improve their livelihood.

4.7 Qualitative Analysis of Data

After analyzing data quantitatively, the researcher also had to analyze data qualitatively as proposed in the proposal. This was to give room to answer questions in interview and questionnaires that were not analyzed quantitatively. Through this approach, the research findings were fairly and properly analyzed hence making it quite classical and academic.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, RECOMMANDATIONS AND CONCLUSIONS

5.1 Overview

In this chapter, the researcher summarizes the major findings in this study, presents some recommendations on how microfinance institutions can work together with their clients in reducing poverty level and improve standard of living of the poor. Lastly some conclusions on some of the major issues discussed in the previous chapters will be drawn.

5.2 Summary of the Research Findings.

Summary of this research is based on the demographic characteristics of respondents, findings on debt recovery, and the level of loan provision to the clients' economic empowerment and livelihood.

The demographic characteristics of the respondents indicated that the greatest participants (54 percent) in this study were they youth; male respondents also formed the highest population (69 percent). 61 percent of the respondents sampled were literate and well informed, and 69 percent the respondents had spent more than 6 years with the bank either as clients or staff.

74 percent of the respondents reveal that NMB has debts with SMEs, and finding reports also indicated that about 70 percent of the debt recovery strategies used by NMB were inappropriately and unfriendly to clients hence, found to be detrimental to the economic and livelihood of SMEs. All SMEs who were prompt in their repayment procedures were never affected by the bank's debt recovery strategies. Many clients blamed the problems of becoming loan defaulters due to insufficient information offered to them regarding loans.

About 70 percent of the respondents face problems in trying to repay their loans and the management faces challenges of administrative costs, hostilities from the relatives of defaulters, poor transport facilities in rural areas and fatigue in trying to trace the place of clients.

Over 60 percent of clients of NMB come to know about the institution from their colleagues and media and the grace period offered by the bank to clients ranges from two weeks to two months. More than 60 percent of the money to be lent as loan goes to groups, and 92 percent of the respondents confirm that both small and medium entrepreneurs do benefit from NMB loans. 64 percent of the SMEs under NMB access less than 550000 Tanzania Shillings and yet amount below 550000 could not enable them operate a business capable of lifting them up easily especially economically. What was quite interesting was that the interest rate (19 percent) of the bank was relatively ok.

Before an individual is offered a loan, they need to posses valid identification card and give their permanent address, have genuine referees, declare their reason of wanting to borrow loans, have collateral and must clearly understand and agree on terms and condition out in place.

5.3 Recommendations.

In efforts to reduce the business analysis on assets are disbursed, there is an urgent need for the NMB to closely monitor how the funds are being spent by the recipients. Post disbursement monitoring system would include close supervision on the status or progress of the business undertaken and some technical assistance in achieving a viable business project. This includes advice to be given during the initial stage, ensuring consistent progress evaluation, marketing and ensuring the continuity of the business.

The structure of financing determines the extent to which the recipient can maneuver with the funds being released. Since in general, around 50 to 60 percent of the loans are needed to buy machinery or equipment related to the business project, NMB can appoint an agent to purchase the machinery right away, without having to release that portion of the funds to the recipients. The lesser the amount of cash given to the recipient, the smaller the chance of moral hazard occurring. In the case of chicken farm, MNB might appoint a supplier for equipment and the chicken, and some cash to meet the daily expenses to run the farm.

For projects that are undertaken on a relatively large scale basis, MNB can arrange that the output of the industry to be sold to only the appointed purchaser. The importance of selling the business output to the appointed purchaser is so that there can be an arrangement that a certain portion of the sale can be used to repay the microfinance loan and the balance to be returned to the seller/ recipient as profit. By this way, the repayment is ensured and the risk of default can be reduced substantially.

Basic business skill and knowledge are very much needed to ensure a viable business venture in a microfinance program. As such, the financial support provided by the NMB must also be complemented with the technical support to the recipient. Indirectly, this ensures close supervision of the project at every stage of the business venture since it requires an active participation of NMB starting from its planning period until the plan for expansion. For instance, the technical assistance would require pre-disbursement support (in terms of project assessment or viability and providing the recipients with the basic knowledge in the particular project of interest); initial stage of fund disbursement (purchasing of machines and ensuring quality raw materials); mid course evaluation (ensuring progress of the project) and final stage consulting (marketing of produce and expansion plan which include possible down- stream activities). It is important to note that all technical supports needed require that the field workers of NMB to be well equipped with the skill and knowledge to convey effective advice to the recipients. There is, therefore, a need for a strong and intensive training system for the field workers as well.

To avoid the recipients to use the loan for more pressing personal needs such as for medical expenses, NMB can require the recipient to also undertake insurance policy for health coverage. Health issue is highly relevant in microfinance since approximately 10 to 15 percent of the recipients defaulted on their loan payments to meet medical expenses for the family members. As a result, insurance policy for health coverage for the recipients could indirectly reduce the possibility of default in microfinance. In addition, as a way of prevention, NMB could have the health awareness campaign which includes promoting cleanliness, proper sanitation and good eating habits to reduce the disease which is quite common among the recipients.

Immediate fixed repayment schedule on either weekly or monthly basis for all type of projects has shown to be burdensome for many recipients, particularly those with business projects that require relatively long incubation period. NMB should be aware that the time needed for a business project to turn in profit depends on the nature of business, for example, chicken - rearing farm takes at least two weeks, while goat rearing farm takes about one to two months. In this circumstance, NMB should discuss with the borrower and need to know the real nature of business before deciding on the repayment plan. Payment should ideally starts after the incubation period, once the farm produce can be sold. In this regard, a more flexible repayment schedule would benefit clients and potentially improve their repayment capacity.

To ensure the recipients are motivated to do the best in whatever business project that they are undertaking, frequent motivational talks should be given to the recipients so as to have a paradigm shift to further improve their standard of living. At the same time, it is also important to remind the recipients of their responsibility to ensure the success of the business projects, thus to be able to re-pay NMB of the loan that have been extended.

Since microfinance has become a major anti- poverty tool in many developing countries, microfinance could be used to completement government's objective eradicate poverty. As such, NMB could get the support from the government that could ensure its successful implementation. Smart partnership between the NMB and the government would help to expedite the implementation of microfinance in poverty alleviation on a national scale basis. While NMB could extend financial assistance, the government could contribute in terms of promoting healthy lifestyle among the recipients as well as providing education infrastructure to the poor people. All these work hand in hand to ensure the success of microfinance projects. Thus, reducing the possibility of default among the borrowers. The government could also provide a conducive environment for microfinance to grow by providing favorable tax incentives for the parties involved in microfinance.

5.4 Conclusion.

Since NMB is seen as a noble effort to provide accessibility of financing to the poor people, ensuring is continuous successful implementation is therefore, very crucial. While conceptually, the implementation of NMB is simple and results in numerous advantages to the parties involved particularly the poor people, in practice, there are several issues that need to be handled in ensuring that the objectives of micro financing can be achieved. This paper highlights several factors that lead to increased possibility of business failure thus, the risk of default in microfinance. Weakness in the post - disbursement funds administration by the NMB has been identified as the major factor affecting the economic empowerment of SMEs. This provides opportunities for the SMEs to utilize the loans for other reasons than what has been agreed upon. Based on these factors, the paper suggests several ways to empower clients economically and reduce these problems from occurring. In efforts to reduce the moral hazard problem after the funds are disbursed, there is an urgent need for NMB to have a monitoring system of ensuring that the funds are being spent as has been agreed upon by the recipients. It is also suggested that it is best for NMB to directly purchase the relevant equipment for the business project and limit the amount of cash disbursement to reduce the default risk. NMB can also appoint a central purchaser for the business output and require that part of the sale payment goes for payment installment to the NMB and the balance goes to the recipients. Hence, default risks can be reduced substantially. With regard to reducing the possibility of default due to unsuccessful business venture, there is an urgent need for a strong training for recipients and field worker of NMB. Since health issue is highly relevant in microfinance, requiring the recipients to undertake health insurance policy as of the microfinance package will prove to be beneficial. It is also important to increase the awareness on the important of health among the recipients.

In efforts to reduce the inability to repay due to burdensome fixed repayment schedule, it was suggested that repayment plan based on project- specific basis should be considered.

Although 75 percent of the SMEs complaint of the interest rate charges by NMB, they were not discouraged to borrow further loans. This suggests that the interest rates do not necessarily affect their economic and social empowerment process since they were given some grace period and if they (SMEs) invest their loans properly in more productive zones. The reasons for charging relatively high interest rates helps or enables effective and efficient sustainability of the bank hence facilitating the administrative costs, costs of capital, loses realized from loans as well as provision for increasing equity. In researcher' keen observation, she noted that of the credit officers' statement corresponds to the points highlighted by Christen et al (2003) that also pinpointed high interest rate by MFIs as a way of covering all administrative costs, plus the cost of capital (including inflation), loan losses, and a provision for increasing equity hence providing viable, long term financial services on a large scale.

As a matter of fact, some improvement in economic and social level of many NMB clients, especially those sampled was noted. This improvement was as a result of rightful investment of loans in high income generating activities or businesses. However, the improvement in clients' social and economic activities way greatly influenced by some factors some of which include monitoring activities, level of loan acquired, use of acquired loan, economic activities on ground among others.

In conclusion, the loan provision in Chake - Chake has proved to a powerful economic and social empowerment tool to those who access the loans and put it to the rightful use. This was somewhat contrary to those who accessed the loan but mismanaged it or who inaccurately used.

5.5 Areas for further research.

1. Challenges faced by microfinance institutions in economic empowerment of SMEs.

2. Role of microfinance institution in promoting savings among the rural poor.

3. How do microfinance institutions create money for development and operation?

REFERENCES

Bates R. (2006), Evolution of Microfinance Institutions in Uganda, Longman Group Ltd, Kampala.

Brach et al (2002) Striking the balance in Microfinance: A practical guide to Mobilizing savings,

PACT publications, Washington DC.

Brown G. (2008), The power of Micro – Credit: Way forward for the low Income Countries, IMF,

Washington DC

Christen et al (2004) Financial Institutions with a double bottom line; consultative Group to

Assist the poor, Washington.

De Aghion et al (2005), The Economics of Microfinance. The Mit Press, Cambridge,

Massachusetts.

Ghatak, M. (1999)," Group Lending, local information and peer selection "Journal of

Development Economic 60, pp. 27

Goetz, A. M. and R. Sen. Gupta (1995), "Who takes the Credit? Gender, power and

Control over loan use in rural credit programmers in Bangladesh. "Word

Development Vol. 24.

Jairo Arboleda A.et al (2004), Voices of the Poor: Strengtherening Livelihoods,

Families and communities, World Bank, Washington DC

Khandker and Shahidier R. (1999) Fighting poverty with micro-credit. The University Press, Dhaka.

Koffi Annan (2003), What MFIs do UN, Washington DC.

Manu, G. (1998), enterprise development in Africa: strategies for impact and grown, Small enterprise Development, London.

Mishkin Frederic S. (2006). Finanacial Market & Institution, New York: Person, 5th Edition.

O'Sullivan, A. & Sheffrin, S. M. (1998). Economics- Principles and tools. (1^{st}Ed.). Upper Saddle River, New Jersey. (PP. 229).

Randdhawa, B. & Gallardo, J. (2003). Microfinance regulation in Tanzania: Implications for development and performance of the industry. Africa region Working paper, No. 51.

Wolfensohn James B. (2005), Voice for the World's Poor, World Bank, Washington.

APPENDIX A

INTERVIEW GUIDE FOR MANAGEMENT

1. What debt recovery methods does the National Microfinance Bank use?

2. Do you see sense in these debt recovery approaches especially in respecting the rights of your clients?

3. Do debt recovery approaches of your institution positively affect economic activities of your clients?

4. According to your answer in question 3, explain how debt recovery strategies of NMB affect the SMEs plans?

5. Does the management of this institution provide sufficient information about debt to clients? If yes how and if no why?

6. As concerns loan provision, what aspects do you consider before lending to SMEs?

7. What is your minimum and maximum lending to SMEs?

8. What reason do you give for lending such figures?

9. What interest rates do you charge on your loans and why do you charge such percentage?

10. Do you think this interest rate is client friendly? If yes how, if no why do you maintain the rate?

11. What are the effects of NMB loans on the economic empowerment and livelihood of clients?

12. What other things would you like to say about loan provision, financial investment and debt recovery and their influence on economic empowerment and livelihood of SMEs?

APPENDIX B

THE ROLE OF MICROFINANCE INSTITUTION THE DEVELOPMENT OF SMALL MICRO ENTREPRENEURS, TANZANIA: A CASE STUDY OF NATIONAL MICRO- FINANCE BANK LIMITED, CHAKE- CHAKE BRANCH.

Dear respondent as part of my requirements to the Award of a Bachelor Degree in Business Administration at Kampala International University. I am administering this questionnaire to collect information on the role of microfinance institutions for the development of small micro entrepreneurs in Tanzania. Please answer as honestly as possible.

INSTRUCTIONS:

1 Do not sign your name anywhere on this questionnaire.

2 For Section A, tick in the boxes and fill in Section B.

QUSTIONNAIRE FOR EMPLOYEES OF NMB

SECTION A: DEMOGRAPHIC INFORMATION OF RESPONDENTS (TICK WHERE APPROPRIATE)

1.1 Gender:		Male	Female
1.2 Ages:	20 – 29	( )	( )
	30 – 39	( )	( )
	40 – 49	( )	( )
	50 – 59	( )	( )
	60 – 69	( )	( )

1.3 Number of years worked in the organization.

1-5 ( ) 6-10 ( ) 11-15 ( ) 16- 20 ( )

1.4 Education Background

Primary ( ) O-level ( ) A-level ( ) University level ( )

SECTION B:

2.0 What is role of Micro finance institutions (MFIs) in development?

2.1 Individual ( ) Group ( ) both individual and group ( )

2.2 (a) Do small and medium entrepreneurs benefit from microfinance institutions?

Yes ( ) No ( )

2.3 (b) If yes how do they benefit?..

2.4 What interest rates do you charge on the loan given?

1 - 5 percent ( )

6 - 10 percent ( )

11 - 15 percent ( )

16 - 20 percent ( )

21 - 25 percent ( )

2.5. Why do you charge such interest rates?

....

....

2.6 How have your clients benefited from the loans you give them?

....

....

2.7 What incentives or benefits do you provide together with the loans?

....

....

3.0 DEBT RECOVERY and ECONOMIC EMPOWERMENT of SEMs

3.1 Do you have debts with some SMEs? Yes ( ) No ( )

3.2 In which ways have you been collecting or recovering debts from SMEs?

By seizing their assets ( ) by imprisoning them ( )

By other way (specify the ways)

....

....

3.3 According to your answers in question 3.2, how do these debt recovery strategies affect the economic performances of SMEs? Mention both positive and negative effects...

....

4.4 What challenges do you face while trying to recover the debt?

....

....

Thanks for your time to respond to these question.