CONTRIBUTION OF CBOs IN POVERTY REDUCTION AMONG THEIR MEMBERS IN TANZANIA: EMPIRICAL EVIDENCE FROM HAI DISTRICT

Dr. Goodluck Aletaulwa Mmari
Faculty of Business and Information Science, Moshi Cooperative University, Tanzania.

Prof. Kim Kayunze
Development Studies Institute, Sokoine University of Agriculture


ABSTRACT

CBOs are voluntary, non-profit and non-governmental organisations that are set up by collective efforts of local people for their own development. There has been mushrooming of these organisations in Tanzania since the second half of 1980s after the implementation of structural adjustment policies. Despite a large volume of literature in the area of CBOs, little attention has been made towards assessing their contribution in reduction of poverty. The aim of this study therefore was to assess contribution of CBOs in reduction of poverty among their members in Tanzania with special emphasis from Hai District. The study was guided by the Community action model theory by Freire (1973). A case study design was adopted because of its advantages in studying more than one case deeply. Hai District was selected as the study area because it had large number of the CBOs. A sample size of 130 respondents was selected. Simple random sampling technique was applied in selecting the CBOs and the main respondents. On the other hand, purposive sampling technique was applied in selecting both the study area and the key informants. Data for the study were collected using observation, interviews (both structured and unstructured), focused group discussions and documentary reviews. Both qualitative and quantitative techniques were applied in analyzing data for this study as they were found to complement each other. Status of poverty among members of the CBOs was measured using MPI. Following were the major conclusions drawn from the study: that a significant number of members of the CBOs were still MPI poor; Sources of capital for members of the CBOs were both from the SACCOS and CBOs; Incomes of members increased significantly after joining the CBOs; and the CBOs were found to contribute significantly in reduction of poverty among their members by urging them to establish economic activities and looking for markets of their produces.
**Key terms:** Poverty reduction, Multidimensional poverty index, Community based organisations, poverty dimensions, poverty indicators

**INTRODUCTION**

**Background Information**

The term Community Based Organisations (CBOs) refers to organisations such as settlements, social action centers, multi-purpose community centers, community associations, development trusts, village halls and community gardens which are committed to work at the village local and neighbourhood level (Cairns *et al.*, 2006). On the other hand, Thake (2004) defines CBOs as organisations located within communities or spaces of interest and designed to meet the needs of those communities. For the purpose of this study, CBOs will mean organisations or groups that exist within a community with a local focus, predominantly voluntary in nature, and separate from the core activities of state and business organisations.

CBOs are set up by collective efforts of indigenous people of homogeneous or heterogeneous attributes but living or working within the same environment. Their coming together creates conditions which broadens the base of self governance and diffusion of power through a wider circle of the population (Adeyemo, 2002). They are localized institutions in their spheres of influence and hardly extend beyond their immediate communities or neighbourhood. They are non-profit and non-governmental because all members contribute economically towards the fulfillment of their responsibilities to the immediate environment and they do not depend on government before fulfilling these (Claudia, 2003). Benefits accrued from members’ contributions to the associations are shared accordingly with fairness. They are concerned with the development problems and development projects in various areas (Bratlon, 1990). They respond to the community felt needs rather than market demand or pressure.

Through community development, efforts of the people are united with those of government authorities to improve the economic, social and cultural conditions of communities, so as to integrate them into the life of the nations and to enable their people to contribute fully to national progress (Abegunde, 2004). Community development provides avenue for the people to organize themselves for planning action, define their common and individual needs and problems. It further makes group and individual plans for the purpose of meeting their needs and solving their problems, execute these plans with a maximum reliance upon community resources and supplement these resources when necessary with services and materials from government and non-governmental agencies outside their communities. Bamidele (1994) referred to CBOs as a process whereby both urban and rural communities are assisted to provide for themselves, with deliberate and conscious speed, those services and amenities they need but which neither the central government nor local authorities can provide.

Community development is not considered to be real unless there is individual’s participation. Participation therefore embraces the initiators, supporters and beneficiaries of any given development programme. Participation means open, popular and broad involvement of the people of the community in making decisions for issues that affect their lives. It is an empowering process which seeks to change behaviour through education, helps community to tap their own resources and skills...
and provides communities with the tools they may require to advance in the way they deemed fit (Geldof, 1994). Although Agbaje (1990) have argued that CBOs have freedom of entry or exit, this freedom could be generalized with the exclusion on community based institutions organized by landlords, community or clan leaders, age group fans and trade unions among others. On this, Ogundipe (2003) emphasize that what matters most is the development of the people’s communities through the mobilization of community efforts. Such efforts according to Abegunde (2004) are harmonized towards protection of citizens, provision of infrastructure, furnishing communities with necessary information, materials and opportunities and general uplift of communities images among others.

Clark (1999) found that CBOs were empowering the disadvantaged segments of the population at grass root level. According to Abegunde (2004), there are five key areas where CBOs were making contributions i.e. natural resources management, rural infrastructure, human resources development, agricultural development and non-agricultural enterprise. Clements (1995) found that CBOs around different parts of the world have contributed towards the improvements in transport and communications technology. He further noted that this had enabled at least some rural communities to attract small scale flexible economic activities. On another incidence, Hussain et al. (2008) who studied contribution of the CBOs in Swat District of Pakistan found that they were providing a number of development assistance which include: free vaccination to patients; free medicine to poor people; tailoring training to poor people free of charge; school uniforms, books, tuition fees, and scholarships to students from poor families; training and provision of seeds to poor farmers at subsidized rates.

In Tanzania, CBOs have been contributing to developmental sectors and thematic areas which include among others: HIV/AIDS; capacity building through networks; good governance and democracy; social economic development; human rights and litigation; rural development; education; women development; science and technology; and gender and equity (TenMeT, 2009). Despite a large volume of literature on CBOs, little consideration has been made towards establishing their contribution in poverty reduction. The aim of this study therefore was to fill this knowledge gap by assessing contribution of CBOs in poverty reduction among its members in Hai District.

**Conceptual Framework**

The essence of CBOs is community development focused at poverty reduction. The Process of reducing poverty encompasses the predictor (independent) variables such as addressing income poverty, influencing decision making and enabling members to Manage risks. The criterion (dependent) variable was influenced by both the predictor and background variables. Background variables considered in this study include; age, levels of education, marital status, ethnic group, and sex of the respondents.
Figure 1: Conceptual Framework of the Study


The assumption made in this framework is that CBOs which contained sub-items contained in box B formed the necessary conditions for reduction of poverty among their members. Predictor variables in this framework consist of three classes of poverty reduction strategies which include: addressing income poverty; influencing members’ participation; and managing risks. Each of these variables was subdivided into individual specific predictor variables as shown in box number B. Poverty reduction by the CBOs depends on the extent to which they addressed members’ income poverty, influenced members’ participation in decision making and support members to manage human and natural risks. The background variables presented in box C are also considered to have influence on criterion variable. For example, level of education possessed by a member gives him higher chances of accessing credit because he can better comply with financial regulations of the financial institutions. This in turn, will enable him to establish economic activities and therefore reduce his status of poverty as shown in box number D.

Theoretical Framework: The Community Action Model

This study was hinged on the theory of community action model as propounded by Freire (1973). He argued that disparity between poor and prosperous residents, CBOs or labourers can be bridged through self determination from those in the low socio economic class. According to him, awakening of people’s conscience to be self
confidence assist them to attain desired goal collectively (Kahn et al., 2007). In other words, enlightenment of the mind through education empowers the poor to collectively strive towards common goal and confront the oppressors. When this is achieved, the poor can easily develop their community to catch up with the rich class. This will give them ability to dialogue with the ruling class and overtime, bridge the socio economic gap that separates them (Kulig, 2000).

Implicit in this theory is that residents in poor communities can team together to attain socio economic development (Boreham, 2004). This means that community action model involves participatory action research approaches and is asset based. That is to say it builds on the strengths of a community to create changes from within (Racher, 2007). Its intention is to change by building community capacity, working in collaboration with communities and providing a framework for residents to acquire skills and resources necessary for assessing their socio economic conditions (Lavery, 2005). When they have done this, they can plan, implement and evaluate actions designed to improve those conditions.

There are five basic assumptions that community action model is based. First, it identifies inequality in the distribution of resources basing on different factors such as residential areas, ethnic groups, or geographical locations. It also believes that inequality can be bridged through awakening of mind and self confidence (Ryan-Nicolls and Racher, 2004). Third, it focuses on changing individual’s lifestyle and behaviour to mobilise community members and agencies in order to eliminate undesired conditions (Lavery, 2005). Yet it places the onus on the individual and does not challenge the social structures that shape residents’ choices and decisions (Caira et al., 2003). This means that the model is designed to increase the capacity of communities and organisations in addressing their socio and economic determinants that will positively influence their community (Anderson and McFarlane, 2004). In this particular study, the CBOs in Hai District were considered to be the vehicles for moving their members from poverty life to better living standards.

Methodology

Hai District was selected to be the study area because it had larger number of CBOs that were involved in various socio-economic activities compared with other districts in Kilimanjaro Region. Case study design was adopted in this study because of its appropriateness in studying one or more cases in depth which is not possible for other research designs. The design seeks to achieve a deep and involves understanding and description of individual cases (Fox, 1989). Sample size for the study consisted of 130 respondents. Simple random sampling technique was used in selecting CBOs because they had the same objective of reducing poverty among their members. Furthermore, simple random sampling technique was used to select the main respondents so that each member could have equal chance of being selected. Ten percent (10%) of the surveyed CBOs were selected randomly. On the other hand, purposive sampling technique was applied in selecting key informants because of their positions. Data for the study were collected using observation, interviews, focused group discussions, and documentary reviews.
Measuring poverty by using Multidimensional Poverty Index (MPI)

Poverty in Hai District was measured by using MPI which is an index for measuring acute multidimensional poverty. The index reflects deprivations in very rudimentary services and core human functioning. It has three dimensions which are: health, education, and standard of living which are measured using ten indicators. Poor households among members of the CBOs were identified and an aggregate measure constructed using the methodology proposed by Alkire and Foster (2007, 2009).

In this index, the dimensions were equally weighted and also all the indicators within each dimension were equally weighted. A household was identified as multidimensionally poor if its weighted deprivations amount to 1/3 (33.3%) or more. The index uses two indicators for health, two for education and four for standard of living. Each of the indicators in both health and education carried a weight of 1/6 while for living standard it carried a weight of 1/18. Mathematically, the index was expressed as follows:

\[
\text{MPI} = H \times A \tag{i}
\]

Whereby:

- \(H\) is the (multidimensional) headcount ratio in the sample. \(H\) is simply the proportion of people who are poor in the sample selected.
- \(A\) is the average deprivation share among the poor. To understand \(A\), we first notice that \(C(k)/d\) indicates the fraction of weighted indicators in which the poor person is deprived. The average of that fraction among those who are poor \((q)\), is precisely \(A\).

\[
A = \frac{\sum_{i=1}^{n} c(k)/d}{n} \tag{iii}
\]

\(A\) represents the intensity of multidimensional poverty. In this way, the MPI measure summarizes information on the incidence of poverty and its intensity, hence its name of adjusted headcount ratio. As a consequence of combining both \(H\) and \(A\), MPI satisfies dimensional monotonicity: That is, if a poor individual becomes deprived in an additional dimension, the size of MPI will increase and the vice versa.

Results and Discussions

It was found that the main sources of capital for members of the CBOs were from SACCOS and CBOs. While SACCOS contributed 41.5% of capital to members, on the other hand CBOs contributed 21.9% of the capital to members. This shows that members of the CBOs were not accessing credit from Formal Financial Institutions (FFIs) such as the banks. Hence, Microfinance Institutions (MFIs) were the major sources of finance for their businesses (Table 1).
Table 1: Socio-economic characteristics of members of the CBOs

<table>
<thead>
<tr>
<th>Characteristics of members</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sources of their capital</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>17.1</td>
</tr>
<tr>
<td>Loan from SACCOS</td>
<td>41.5</td>
</tr>
<tr>
<td>Loan from the CBOs</td>
<td>21.9</td>
</tr>
<tr>
<td>Membership fees and contributions</td>
<td>7.3</td>
</tr>
<tr>
<td>External assistance</td>
<td>13.2</td>
</tr>
<tr>
<td>Educational levels</td>
<td></td>
</tr>
<tr>
<td>Standard four</td>
<td>4.9</td>
</tr>
<tr>
<td>Primary education</td>
<td>70.7</td>
</tr>
<tr>
<td>Secondary education</td>
<td>20.3</td>
</tr>
<tr>
<td>Tertiary education</td>
<td>4.1</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>86.4</td>
</tr>
<tr>
<td>Unmarried</td>
<td>4.2</td>
</tr>
<tr>
<td>Widow/er</td>
<td>6.5</td>
</tr>
<tr>
<td>Divorced</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Majority (70.7%) of members of the CBOs possessed primary education certificates followed by ordinary level certificate of secondary school education (20.3%). Very few members (4.1%) possessed tertiary level of education. Low levels of education which was possessed by members of the CBOs caused them to experience difficulties in accessing credit from FFIIs because of the conditions that forces borrowers to have high levels of education for example in preparing financial statements. Hence, formation of economic groups for the purposes of getting credit from MFIIs was very important. It was also found that majority (86.4%) of members of the CBOs were married people who had family responsibilities. This is probably one of the reasons that forced them to join the CBOs in order to increase their incomes for sustaining their families. Married people are less mobile compared to young people and therefore there is a big chance of being successful because of trust and cohesion that develop after working together in groups for a long time.

Poverty Status among Members of the CBOs

In establishing the MPI for this study, a household was used as unit of analysis. The analysis used three dimensions which were health, education and living standard. Each one between health and education dimensions consisted of two indicators while living standard consisted of six indicators. Each of the three dimensions in the MPI was assigned equal weight which had the value of 1/3. In addition, each indicator within the dimensions was also assigned equal weight. In this case, each indicator in both health and education was assigned a weight equal to 1/6 while each indicator in living standard was assigned a weight of 1/18. Furthermore, the poverty cut-off point (k) was taken to be equal to 1/3 (0.333). This is consistent with other previous studies (Alkire and Foster, 2011; Alkire and Santos, 2010) who used the same ratio. A household was therefore considered to be multidimensionally poor if and only if k ≥ 1/3.

MPI among members of the CBOs was then computed as the product of the
proportion or incidence of people who experienced multiple deprivations and the intensity of their deprivation: the average proportion (weighted) deprivations they experience was computed using the following formula:

\[ MPI = H \times A \]

Whereby:
\[ H = \frac{q}{n} \]
\[ A = \sum_{k=1}^{n} \frac{c(k)}{dq} \]

\[ H = \frac{28}{123} = 23\% \]
\[ A = \frac{[11(4/9) + 8(5/9) + 7(6/9) + 2(7/9)]}{28} \]
\[ A = \frac{(140/9)}{28} \]
\[ A = 0.55 \]
\[ MPI = 0.23 \times 0.55 = 0.126 \]
\[ MPI = 12.6\% \]

This means that 12.6% of the households were multidimensional poor. This result shows that a significant proportion of the households in the study area were multidimensionally poor. However, observation of the researcher showed that there were several members who were in the process of improving in some of the indicators. There were numbers of modern houses which were under construction as indicated in plate 1. This improvement was accounted for by the increase in annual incomes of the members after joining the CBOs as indicated in Plate 1. The founding member of Umoja Group (UG) said that she faced a harsh condition after death of her husband but her membership in the group changed the situation because she managed to get loans from the CBO which enabled her to construct a modern house and pay tuition fees for her children. Plate 1 shows the modern house under construction and the old house.

*Plate 1: (Left) founding chairperson of UG depicting her modern house under construction in her left hand side and her current shelter in her right hand side. (Right) another UG member showing his modern house under construction in the background and his current shelter in his left hand side.*

Improvement in economic status among members of the CBOs shows that they were moving out of poverty gradually. This means that the CBOs in the study area were positively contributing to poverty reduction among their members.

It was further found that after joining the CBOs, majority (56.1%) of the respondents managed to own incomes of Tshs 1,000,000 and above which was the highest income
bracket in the area compared with 9% of the respondents who owned similar incomes before joining the CBOs (Fig. 2). On the other hand, members of the CBOs who owned the lowest income bracket (100,000 and 500,000) declined from 48.8% to 26.8% after joining different CBOs. That means incomes of most members increased considerably after joining the CBOs.

Fig. 2: Members annual income (in Tshs) before and after joining the CBOs

This is due to the fact that after joining the CBOs, most members were able to access credit facilities and consequently established more income generating activities than before. Joining the CBOs enabled them to work collectively in addressing their socio-economic challenges.

**Members Participation in Decision Making**

The study found that majority (96.7%) of the members were involved in almost every decision of the CBOs. No important decisions were made if attendance of members in any meeting was less than two-thirds. Table 2 shows results of the question on members’ participation in decision making for their CBOs.

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Frequency (n = 123)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members were substantially involved in decision making</td>
<td>119</td>
<td>96.7</td>
</tr>
<tr>
<td>Members were marginally involved in decision making</td>
<td>4</td>
<td>3.3</td>
</tr>
<tr>
<td>Members were not involved in decision making</td>
<td>0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Further investigation from minutes of the CBOs revealed that average attendance in their meetings was 80%. This shows that participation in decision making among
members of the CBOs was very high. The study found that marginalized people were getting small support from their CBOs. This point was indicated by 79.7% of the respondents (Table 2). MEG for example, had started to set aside 2% of its annual incomes for the purpose of assisting elderly members.

Managing Risks among Members of the CBOs

The study found that members of the CBOs had established economic activities that were intended to reduce natural shocks among themselves. These activities include among others: practicing mixed farming; planting early maturing maize breeds; adopting irrigation; complementing agriculture with trade activities; planting trees in order to conserve water; and growing drought resistant crops such as cassava and sweet potatoes (Table 3).

Table 3: Types of activities that were intended to address natural shocks

<table>
<thead>
<tr>
<th>Activities</th>
<th>Frequency (n =123)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing Cassava</td>
<td>9</td>
<td>7.4</td>
</tr>
<tr>
<td>Adoption of irrigation</td>
<td>18</td>
<td>14.6</td>
</tr>
<tr>
<td>Growing sweet potatoes and groundnuts</td>
<td>7</td>
<td>5.7</td>
</tr>
<tr>
<td>Tree planting</td>
<td>8</td>
<td>6.5</td>
</tr>
<tr>
<td>Mixed farming</td>
<td>42</td>
<td>34.2</td>
</tr>
<tr>
<td>Diversifying agriculture with petty trade and catering</td>
<td>15</td>
<td>12.3</td>
</tr>
<tr>
<td>Planting early maturing maize breeds</td>
<td>24</td>
<td>19.6</td>
</tr>
</tbody>
</table>

Plate 2: Left, UG member in her maize field practicing irrigation. Right, another UG member in his groundnuts and sweet potatoes field at Shirimgungani village.

Table 3 shows that 34.2% of members of the CBOs were involved in mixed farming while 14.6% were practicing irrigation. If these two agricultural activities are practiced properly there is a high chance of reducing or even eliminating food poverty in the area. Discussion with key informants revealed that members of the CBOs were urged to start the above mentioned economic activities as strategies for reducing poverty among themselves after suffering several shocks in the past which were caused by environmental changes. This shows that the CBOs in the study area were involved in reducing poverty among their members. John et al. (2005) in a similar study noted that if people are not prepared to face natural shocks such as drought, famine, crop failures and conflicts, this could distort and disrupt all the
efforts that had been undertaken before. In assessing whether the CBOs were assisting their members to control risks and natural shocks, it was revealed that 82.1% of the respondents were given average assistance through informal savings and credit systems that were being managed by the CBOs (Table 4). In addition, each member was obliged to contribute Tshs 20,000 per month to a common fund and was also allowed to borrow from the same fund and repay the loan plus an interest rate of 15% per annum. This confirms that the CBOs were assisting their members to control shocks in terms of micro credit. This in turn, assisted members of the CBOs to reduce poverty among them.

**Strategies of Reducing Poverty Among CBOs Members**

The study found that CBOs in the study area were applying different strategies aimed at reducing poverty among their members. Majority (87.8%) of the respondents said that CBOs in the study area were assisting their members in managing private investments by providing technical training and seminars that were organized by the CBOs (Table 5).

**Table 4: Assistance given to members in order to control shocks**

<table>
<thead>
<tr>
<th>Levels of assistance to members</th>
<th>Frequency (n =123)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very strong assistance</td>
<td>4</td>
<td>3.3</td>
</tr>
<tr>
<td>Strong assistance</td>
<td>13</td>
<td>10.6</td>
</tr>
<tr>
<td>Average assistance</td>
<td>101</td>
<td>82.1</td>
</tr>
<tr>
<td>Little assistance</td>
<td>3</td>
<td>2.4</td>
</tr>
<tr>
<td>No assistance at all</td>
<td>2</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Table 5 shows that 87.8% of members were being assisted by their CBOs to: conduct artificial insemination for their cows; practice modern feeding techniques for their cows; and to choose better seeds and modern farming skills. Other activities in which the CBOs were assisting their members include: livestock keeping; poultry keeping; petty trade activities; vegetable gardening; catering; making soaps; and dyeing clothes. These findings show that CBOs were crucial organisations which enabled community members to access financial resources from FFIs which could not be possible for individual members as they lacked collaterals which are required by the financial institutions particularly the banks. The CBOs were linking their members with SACCOS and VICOBA in order to access financial facilities and services from financial institutions. Apart from assisting members to manage their economic projects, the CBOs were
also assisting them to look for markets of their products. For example, at the time of collecting data for this study, MEG had employed a manager for the purpose of looking for markets of members’ products. Due to this important service, 90% of members of the MEG owned projects. The study also found that the CBOs were assisting their members to acquire knowledge and skills on how to run their businesses (Table 6).

Table 6: Assisting members to acquire knowledge and skills

<table>
<thead>
<tr>
<th>Status of assistance in acquiring skills and knowledge</th>
<th>Frequency (n = 123)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members were assisted to acquire knowledge and skills</td>
<td>97</td>
<td>78.9</td>
</tr>
<tr>
<td>Members were not assisted to acquire knowledge and skills</td>
<td>26</td>
<td>21.1</td>
</tr>
</tbody>
</table>

Majority (78.9%) of the respondents revealed that the CBOs were assisting their members to get training from different stakeholders who include: International organisations; NGOs; and training institutions like Moshi University of Cooperative (MoCU). The types of training that were being conducted to members include entrepreneurship development, cooperation and modern farming methods. Fig. 4 shows the main challenges that were facing members of the CBOs which include: markets of their products (38.2%); farm implements (16.3%); drought (13.01%); and transport of their products to the markets (12.2%).

![Figure 4: Challenges that were facing members of the CBOs](image)

Lack of market was found to be the major problem that was facing members of the CBOs in the study area and it affected their capacities of undertaking different activities. Even at times when markets were available, prices were very low and sometimes they did not offset production costs. While prices of the farm implements kept on rising, on the other hand prices of agricultural products were falling down. This made it difficult for them to sustain their productive activities. Prevalence of these problems among the CBO members debilitates their capacities of addressing poverty.
Conclusions

A significant number of members of the CBOs in the study area were still multidimensionally poor at the time of collecting data for this study. However, several of them were making good improvement in some poverty indicators. The main sources of capital to members of the CBOs in the study area were both from SACCOS and CBOs. Majority of them were not accessing credit from FFIs such as banks. Incomes for majority of members of the CBOs increased significantly after joining the CBOs and consequently improved in some of the poverty indicators. Participation of members in decision making meetings of the CBOs was very high. The CBOs in the study area were reducing poverty among their members by urging them to establish different economic activities and also assisting them to look for markets of their products. Despite the efforts made by the CBOs in reducing poverty among its members, the following problems were still a challenge: securing markets of their products; availability of farm implements; drought; and transport of their products to the markets.

References


