

ABSTRACT PAPER
(UNDER TOPIC # 6)

TITLE: *Socio-Economic Impact of Village Community Banks; A case Study of Tanzania*

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Background:

Village Community Banks (VICOBA) in Tanzania are based on continuous and effective savings and credit services together with suitable Income Generating Activities (IGA). The loans given are normally soft and affordable to the poor.

The effectiveness of VICOBA are based on principles which emphasize on community ownership and shared leadership, high level of transparency, effective information sharing, promotion of voluntary accountability, self-help initiatives, community capacity building, local resources mobilization and operation in small manageable groups.

This paper aims at exploring the socio-economic impact of VICOBA in Tanzania. While noting the major challenges facing VICOBA activities.

Method:

Use of *systemic literature review* to analyse written and or published documents (2012 to 2016) on the development and impacts of VICOBA in Tanzania. Sources to be considered shall include; *SCOPUS*, *Economic and Social research Foundation (ESR)*, other relevant secondary data from responsible Ministries in Tanzania and Publications of Policy Research for Development Agency of Tanzania (*REPOA*).

Results:

VICOBA have influenced crucial socio-economic development in various Tanzanian communities. Such development include increase in mobilizing financial resources locally, raising incomes among members, women empowerments towards gender parity improvement, increase in local grassroots participation in socio-economic development activities, acquisition of entrepreneurial knowledge and skills and establishment of income generating activities for poverty reduction.

Conclusion:

The paper recommends communities especially in developing countries to establish and run VICOBA in order to raise the necessary investment capital, acquire entrepreneurial knowledge and skills and start IGAs for poverty reduction.