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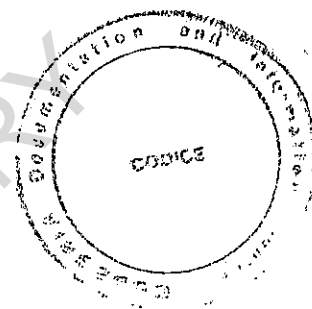
**WOMEN AS POTENTIAL BENEFICIARIES
OF THE MALAWI MUDZI FUND - AN
EVALUATION OF A PILOT CREDIT
SCHEME FOR THE RURAL POOR**

JULY 1984

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WOMEN AS POTENTIAL BENEFICIARIES OF THE MALAWI MUDZI FUND : AN
EVALUATION OF A PILOT CREDIT SCHEME FOR THE RURAL POOR

M.A. THESIS



Geoffrey Kumwenda

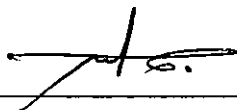
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CANDIDATE'S DECLARATION

WOMEN AS POTENTIAL BENEFICIARIES OF THE MALAWI
MUDZI FUND : AN EVALUATION OF A PILOT
CREDIT SCHEME FOR THE RURAL POOR.

I, Geoffrey Kumwenda, declare that this dissertation is my
original work and has not been presented for any other awards.



Candidate for M.A. Sociology

July 1994

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WOMEN AS POTENTIAL BENEFICIARIES OF THE MALAWI MUDZI FUND : AN
EVALUATION OF A PILOT CREDIT SCHEME FOR THE RURAL POOR

A dissertation submitted to the Faculty of Social Science in
partial fulfilment of the requirements for the Master of Arts
degree in Sociology (Women in Development).

By

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Finally, I alone am responsible for the contents of this dissertation.

Table of Contents

	Page
Acknowledgements.....	i
Tables of Contents	ii
List of Tables	v
List of Diagrams	vi
List of Abbreviations and Acronyms	vii
Abstract	viii
CHAPTER 1 INTRODUCTION	1
Statement of the Problem	2
Poverty Alleviation Programmes	7
Women and Credit	10
CHAPTER 2 RESEARCH SETTING AND	
METHODOLOGY	14
Research Setting	14
Methodology	16
Research Constraints	19
Data Analysis	20
CHAPTER 3 RESULT OF THE SURVEY	22
Introduction	22
Household Profile	22
On Reaching the Target	26
Women's Credit Demand	28

	Women's Entrepreneurial Skills	29
	Benefits Derived from Credit	30
	Credit and Savings Administration	35
	Group Formation	35
	Group Training	37
	Loan Disbursement	37
	Loan Repayment	40
	Savings	42
	Default Control	44
	Loan Perception	45
CHAPTER 4	LESSONS AND EXPERIENCES ON MANAGEMENT	
	AND OPERATION OF MMF	49
	Introduction	49
	MMF Organizational Structure	49
	Selection of Project Areas	54
	Selection of Borrowers	55
	Training of Borrowers	56
	Loan Disbursement	57
	Loan Repayment	60
	Savings Mobilization	63
	Funding	65
CHAPTER 5	CONCLUSION AND RECOMMENDATIONS	69
References	74
Appendices	77

Appendix i	Questionnaire Administered to Borrowers	77
Appendix ii	Questionnaire Administered to Waiting Borrowers	85
Appendix iii	Questionnaire Administered to Non-Participants	91
Appendix iv	Questionnaire Administered to Village Headmen..	93
Appendix v	Map of Malawi showing Regional and District Boundaries	97

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List of Tables

Table	Page
1 MMF Performance in 3½ Years, April, 1990 - September, 1993	9
2 Age Distribution of MMF Borrowers and Waiting Borrowers	23
3 Marital Status of MMF Borrowers and Waiting Borrowers..	24
4 Level of Educational Attainment of MMF Borrowers and Waiting Borrowers	25
5 MMF Borrowers' and Waiting Borrowers' Source of Previous Credit	26
6 MMF Borrowers' and Waiting Borrowers' Knowledge of Other Credit Institutions	27
7 MMF Borrowers' and Waiting Borrowers' Knowledge of other People Willing to Join MMF Credit.....	28
8 Use of Money Realised from Business	30
9 Cross - tabulation of type of Business and Types of Problem Faced	33
10 Loan Range Given to and Required by MMF Borrowers and Waiting Borrowers	38
11 Preferred Waiting Time to Received Loan by Borrowers and Waiting Borrowers	39
12 Repayment Period Preferred by Borrowers, Waiting Borrowers, Non-Participants and Village Headpersons	41
13 MMF Borrowers' Perception of Loan.....	46

List of Diagrams

Diagram		Page
1 (a)	The Current Organisational Structure in MMF	50
1 (b)	The Proposed Organizational Structure of MMF	50

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List of Abbreviations and Acronyms

ADMARC	Agricultural Development and Marketing Corporation
AIM	Amanah Ikhtiar Malaysia.
CODESRIA	Council for the Development of Economic and Social Research in Africa.
DDC	District Development Committee.
FAO	Food and Agriculture Organisation.
GB	Grameen Bank.
HRID	Human Resources and Institutional Development.
IFAD	International Fund for Agricultural Development.
IGA	Income Generating Activity.
MMF	Malawi Mudzi fund.
PAP	Poverty Alleviation Programme.
POSB	Post Office Savings Bank.
SACP	Smallholder Agriculture Credit Project.
SEWA	Self Employment Women's Association.
USAID	United States Agency for International Development.

A B S T R A C T

This dissertation is the result of a study which sought to evaluate the Malawi Mudzi Fund (MMF) activities and suggest the redesign features of the organisation. It summarises ideas and experiences of borrowers, waiting borrowers, non-participants, village headpersons and members of staff of the MMF on the organisation's activities collected from October - December, 1993.

It is demonstrated in this dissertation that MMF succeeded in extending its credit facilities to the rural poor, particularly women, who had little access to credit. This was so because priority was given to people with less than one hectare of land and those with little access to credit institutions. Consequently, demand for MMF credit increased and women utilized their productive skills because of credit. It is also demonstrated that although female borrowers have benefited from MMF credit, there is room for improvement in the organizational structure and modes of the functioning of the lending institution.

CHAPTER 1

INTRODUCTION

Malawi Mudzi Fund (MMF) is a pilot credit scheme under the Smallholder Agriculture Credit Project (SACP). The scheme is designed on the model of Grameen Bank (GB) of Bangladesh which has shown that the poor, especially women from the poor households, have the inherent capacity to help themselves provided credit is accessed to them.

MMF is financed by the International Fund for Agricultural Development (IFAD). It was established as an implementing agency of the credit scheme in September, 1988. The MMF started its field activities two years later with two branches in the administrative districts of Chiradzulu and Mangochi in the Southern region of Malawi. Currently its operations are extended to some parts of Machinga, Mulanje, Thyolo and Zomba districts, but with Mulanje, Thyolo and Zomba coming under Chiradzulu branch and Machinga under Mangochi branch.

The objectives of the credit scheme for the rural poor are:-
to extend banking facilities for lending and savings; and to
provide training in basic business management.

The MMF credit scheme was designed to operate in two phases over a seven-year period. The first phase was to last for five years and the second for two more years. The details of how MMF operates are given in chapter four.

Statement of the Problem

The MMF credit scheme being a new credit system in Malawi consists of a series of actions and choices. The series of actions and choices the scheme implementors and adoptors undertake are through a process of knowledge, persuasion, decision, implementation and confirmation (Rogers, 1983). The process of knowledge, persuasion, decision, and implementation has been apparent in the adoption of the MMF credit scheme. However, supportive messages from individuals who implement and adopt the credit idea need to be gathered by way of evaluating the idea so that discontinuance of the innovation can be avoided or adjustment of implementing the idea can be made according to the messages received from the implementors or adoptors.

Rural people's knowledge is an enormous and underutilized national resource which simply cannot be afforded to be ignored any longer (Chambers, 1983). Their knowledge should be regarded as part of national resources to be included in project designs. It is from Chambers's idea that this evaluation is done so that rural people's knowledge on MMF credit scheme is solicited, and relative

strengths and weaknesses of the original design which did not include rural people's ideas are assessed, and see how the strengths may be continued and weaknesses neutralised.

The assumptions underlying the design of most of the development schemes and projects up to the early 1970s assumed that women's "position" would improve as did the economic prosperity of their husbands (Brydon and Chant 1989:95). This assumption had two main faults in the designing of development projects: 1. it took little or no account of local knowledge; 2. it tended to be addressed to household heads using the type of assumption mentioned above.

When it is assumed that people are disadvantaged, rush is made to create a development programme to deal with their disadvantages, instead of creating a programme based on the skills and knowledge people have at their finger tips (Fuglesang and Chandler 1988:23). For this reason, people's participation should be sought, analysed and taken into account. And in rural credit programmes, this is now gaining acceptance and is encouraged in several ways. Borrowers are represented in the management of loans. Lenders meet groups of rural poor periodically to know their problems and preferences (Padmanabhan 1988:56).

Padmanabhan criticises the first fault identified in the assumption which did not seek local knowledge when designing a development project. His idea is useful because it helps to develop a programme that will be successful in its operations. This is because the design meets people's needs as they voice the needs and release their productive powers and creative abilities as they are.

On the other hand the tendency of assuming that prosperity of women will improve through husbands, identified as a second fault in the designing of development projects, does not always apply in isolation. This is because the fact that husbands have resources does not mean women have access to those resources. In many cases husbands use the resources for their own personal benefit than for the whole household. And a woman without resources is in an invidious position with no say in household decision making (Robertson 1984:48). It is through this experience that, if a woman is given the opportunity to fight against poverty she turns out to be a natural and better fighter than man. This will lead to a more equitable distribution of resources within the household and community and have the effects of raising the status of women.

Meir and Baldwin, 1962 indicated that many values and institutions in poor countries including Malawi may not be obstacles to development. But they need a combination of existing and borrowed ideas and institutions. MMF credit scheme is borrowed

from the GB of Bangladesh. It is this requirement shown by Meir and Baldwin of combining the GB operations (foreign idea) and local people's knowledge on the MMF credit design and implementation that this evaluation intends to do in order to redesign the scheme in line with not only foreign ideals but also local knowledge and practices.

Okerie, 1990 reported that when there are indications of flaws in the design process, it is important to re evaluate the process and make changes. Although the MMF credit scheme may or may not show that much flaw in the design process, its design has not been evaluated before and this evaluation will serve the purpose for redesign or maintenance of the original design of the scheme.

Actually during the third year of field implementation there was supposed to be a full mid-term evaluation of the project (World Bank 1987:5). This was not done. Hence the author conducted the evaluation survey when the scheme had been operational for three and half years and before the proposed evaluation. This evaluation would be useful for the redesigning of the programme. The existing and aspiring credit institutions may also benefit from the evaluation results. It would help consolidate problems met and solved which are currently in piecemeal and in isolation. More important, attention will be paid to the following:-

- (i) to find out if credit can be used as an alternative source for upgrading business skills for rural women;
- (ii) to find out the benefits obtained through credit on consumption, health, education and materials acquisition among females;
- (iii) to assess viability, accessibility and efficiency of the project; and
- (iv) to suggest future plans for the project.

In order to achieve the above objectives, the main project features that are evaluated in the study include:- characteristics of the target group, selection of project areas and borrowers, procedures of group formation, training, loan disbursement, repayment and savings mobilization, default control and loan perception, credit demand and benefits obtained from credit, MMF organizational structure, and finally funding the rural credit programmes.

The evaluation of the mentioned features above take on women as potential beneficiaries of MMF credit project. This is because the MMF credit programme, which forms the subject of this dissertation and other rural credit programmes, include high proportions of women among their borrowers.

Poverty Alleviation Programmes

There is an emerging consensus that, growth strategies need to be complemented with direct and target-oriented programmes, specifically designed to alleviate the condition of the poor (Shams, 1993:3). There are numerous programmes aimed at improving the conditions of the poor, partly in recognition of the failure of inequitable growth to pull the poor up the socio-economic ladder or simply to compensate for their disadvantaged position vis-a-vis the rest of society. The provision of credit to the poor has been a major component for many of these programmes as the lack of access to productive capital is seen to be one of the major constraints for the poor to break away from the "poverty trap" (Getubig Jr. , 1992:1).

Some of the programmes that have provided credit to the rural poor include the Grameen Bank of Bangladesh and the Amanah Ikhtiar Malaysia (AIM) of Malaysia. The Grameen Bank demonstrated that credit for income generation activities can be successfully channelled to the rural poor and improve their economic base (World Bank, 1987:1).

In addition to the programmes mentioned above, the Badan Kredit Kecamatan in Indonesia, the Fundacion Carvajal in Colombia, Accion Comunitaria in Peru, FEDECREDITO in El Salvador, the Self-Employed Women's Association (SEWA) and Working Women's Forum in

India, are longstanding examples of programmes that have given hundreds of thousands of poor women and men in developing regions their first institutional commercial loans (Berger, 1989).

In an attempt to alleviate poverty in Malawi, MMF started its operations in April, 1990. By September, 1993, MMF trained and confirmed 341 groups of 5 members each. Of these groups, 290 were female groups representing 85% of the total. It disbursed 1,153 loans amounting to K279,313.99 of which 1,004 loans, amounting to K231,570.49, went to female borrowers and the balance to male borrowers. In addition, MMF collected savings amounting to K28,989.22. The savings included K19,959.45 and K9,021.77 as group and personal savings respectively (table 1).

Table 1: MMF PERFORMANCE IN 3½ YEARS, APRIL, 1990 - SEPTEMBER 1993.

ACTIVITY	SEX	M A L E		F E M A L E		TOTAL
		NUMBER	% OF TOTAL	NUMBER	% OF TOTAL	
1. Number of groups registered		1,514	49	1,604	51	3,118
2. Number of groups formed and confirmed		51	15	290	85	341
3. Number of members		225	15	1,450	85	1,705
4. Number of loanees		149	14	908	86	1,057
5. Number of Loans		149	13	1,004	87	1,153
6. Amount disbursed (MK)		47,743.50	17	231,570.49	83	279,313.99
7. Amount due (MK)		56,155.46	23	192,774.50	77	248,929.96
8. Amount Repaid (MK)		20,076.96		153,865.12		173,942.08
9. Percentage Repayment (%)		36		80		70
10. Group Saving (MK)		2,833.10	14	17,126.35	86	19,959.45
11. Personal Savings (MK)		219.24	2	8,802.53	98	9,021.77
12. Number of people with Personal Accounts		21	8	248	92	269

Source: MMF Branch Quarterly Reports, September, 1993.

The above statistics and other reports show that the MMF and other credit programmes designed to reach the poor have included high proportions of women among their borrowers, even when women are not significantly targeted. The MMF has 86% of its borrowers as women (MMF Branch Reports, 1993) whereas the GB of Bangladesh and AIM of Malaysia have over 91% of their borrowers as women (Shams, 1993; Gibbons and Kassim, 1990:89). In addition, Culler in Hirschmann and Vaughan, 1984 indicated that females in Zomba district in Malawi made 45% of decisions regarding requesting for credit while husbands made 40% and both husbands and wives made 10%. It seems therefore that the future of these credit programmes is geared much to the participation of women beneficiaries.

Women and Credit.

Women, particularly in developing countries including Malawi, suffer from a double disadvantage. They suffer discrimination as women and they are oppressed by poverty. There is a need to identify the socio-economic structures that keep women poor and powerless, and to build alternative structures. A strategy leading to this goal is to organise women to become self-reliant (IDRC, 1985:32-35). Rural credit programmes have been reported to be important in helping women to become self-reliant.

The Food and Agriculture Organisation (FAO) (1987 :40) reported that credit can be an important means of self-reliant development of the rural poor, freeing them from the traditional and exploitative dependency relationship with local elites, traders and money lenders. It follows that rural women, identified by IFAD as a major disadvantaged group, are among the prime targets of the IFAD's credit projects.

Yunus (1982:7-8) reported that women have all the obligations in the world, but no right, no security. They usually have more household skills than it is recognised. Their skills can be translated into producing commodities for the market. One single action which may have powerful influence on the status of women is bringing credit services to their localities.

Yunus (1987:6) again reported that women experience hunger and poverty in a much more intense way than men. Women, traditionally, have to stay at 'home' and manage the family with virtually nothing to manage it. Credit brings a woman into the income stream which may help her in such situations without the usual sacrifices required under wage-employment.

Kurwijila and Due (1991:98) reported in a case study done in Tanzania that most women said that the loans received were very useful and had increased their income and food supply.. Their children had more food and better nutrition and that the women had

money for school fees.

Gibbons and Sukor (1990:57) indicated that the very poor women of Peninsular Malaysia saved Project AIM and continued to demonstrate that they could make excellent use of the opportunity to pull their families out of poverty through their own efforts.

Berger (1989:1017) recognised the importance of the informal sector for the livelihoods of poor women and the assistance donor agencies have for women who operate informal microbusinesses.

Kaunda (1990:424) found out that female headed households were cultivating less land than male headed households and that agriculture credit up-take was closely related to the size of land cultivated. Thus, the smaller the piece of land the less the chances of getting the agricultural credit. Women are in the majority in this group of people that have smaller pieces of land. In addition, their chances of getting credit from other sources like agriculture are negligible. MMF caters for this group of people with credit.

It is generally observed that provision of credit to rural women could help them and their families improve their standards of living. This observation assumes that a mere disbursement of credit is synonymous to development, which is absolutely erroneous and inadmissible. Credit itself is "a developmental" factor in terms

of the objective for which it is used. And for one to assess the ability of credit to improve the livelihood of families, local participation is sought, analysed and taken into account. Therefore, MMF pilot credit, being in its initial stage in Malawi, needs to be evaluated. This could help to shed more light on the factors that can affect its success or failure and why women could be the potential beneficiaries of the fund.

The chapter that follows discusses the research setting and methodology. It describes the areas where the survey was conducted and how information used in this paper was gathered. Major problems encountered in the field survey are presented. It also explains how data was analysed. Chapter three presents the research findings whereas chapter four presents main lessons and experiences from MMF staff and institutionalization strategies of the project. The final chapter summarises the major findings of the survey.

CHAPTER TWO

RESEARCH SETTING AND METHODOLOGY

Research Setting.

This dissertation is based on a survey that was conducted in the Malawi Mudzi Fund project which has two branch offices in the districts of Chiradzulu and Mangochi in the Southern Region of Malawi. In each branch there were five project areas. But only four project areas from each branch were considered for the survey. The names of these areas included Namitambo, PIM/Milepa, Mbulumbudzi and Dzaone in Chiradzulu branch; and Malembo, Malindi, Nkungulu and Ulongwe in Mangochi branch. The areas that were left out were Malosa and Namwera in Chiradzulu and Mangochi branches respectively. Malosa project area was excluded because MMF activities had just started in the area and it would not be possible to get enough sample for the survey. Namwera project area in its turn was not considered because most MMF activities were curtailed in the area a year before this research, and information on current activities of the organization could not be gathered.

Chiradzulu branch covers some parts of the districts of Chiradzulu, Mulanje, Thyolo and Zomba. The project area that cover parts of districts of Chiradzulu South, Mulanje North West and Thyolo North East is Namitambo. PIM/Milepa project area covers parts of Chiradzulu Central, Mulanje North West and Zomba South

East; and Mbulumbudzi covers part of Chiradzulu North West whereas Dzaone covers part of Zomba South East.

Chiradzulu, Mulanje, Thyolo and Zomba districts have population densities of 275, 251, 185 and 171 inhabitants per square kilometer respectively. After Blantyre district, which has a density of 293 inhabitants per square kilometer, these are districts with high population densities in the Southern Region (Malawi Government, 1991:5).

In the Mangochi branch, MMF is operating in parts of Mangochi and Machinga districts. The project area that covers part of Machinga district is Ulongwe and the rest of the project areas mentioned in the branch cover part of Mangochi district. Mangochi and Machinga districts have population densities of 79 and 86 inhabitants per square kilometer respectively (Malawi Government, 1991:5).

The high population densities in the districts of Chiradzulu, Mulanje, Thyolo and Zomba are indications of the land problem in these districts. The majority of farm sizes are small. Farming becomes mainly for subsistence with small farm size, and the daily search for off-farm income is fierce and continuous.

Unlike the situation depicted in districts mentioned above, Mangochi and Machinga districts have less population densities. However, the project areas in the latter districts are in places of high off-farm business activities. This is because areas like Malembo, Malindi and Nkungulu are located near fishing ports and there is a lot of business activities in these areas. Apart from fish business, there are such businesses as restaurant, tearoom, clothes and selling of raw food stuff. In the case of Ulongwe project area, it is situated along the road from the lake to main towns of Blantyre and Zomba. In addition it has a well established market.

The two branches are in places where pressure on land and availability of markets contribute to initiation of off-farm business activities and people rely on those businesses for household income.

Methodology

The information used in this dissertation was collected in three ways. These were interview schedules where questionnaires (appendix i to iv) were used, workshop discussions, and secondary data from MMF reports.

The questionnaires were used on a sample of 381 respondents drawn from the eight project areas. In these areas a total sample of 450 respondents were to be interviewed. However, only questionnaires from 381 respondents, which represented 85% of respondents were considered. This was because some questionnaires from one project area were disregarded because the quality of information gathered was poor. The research assistant from this area claimed to have interviewed all people in the sample; but he did not do so. This was discovered when the author of this paper was checking the completed questionnaires and noted some irregularities of the responses. The research assistant confirmed to have not interviewed all the people in the sample.

It was decided not to repeat the exercise in the area because the response rate of 85% was high enough to draw conclusions. Howard and Sharp (1983:139) reported that the response rate can vary from under 5% to 80% and above, depending on tools and methods used in data collection.

The exercise of collecting individual level data using questionnaires started on 25th October and finished on 20th December, 1993. The sample of 381 was sub-divided into four sub-samples. The first sub-sample of 164 female borrowers was randomly selected from each of the eight project areas in the two branches of the MMF. These were among 816 female borrowers who had received loans from MMF and were either servicing first, second, third or

more time loans, or had finished repaying previous loans and had not received another one. The second sub-sample of 88 waiting female borrowers was again randomly selected from 414 females in the same project areas of MMF mentioned earlier on. The waiting female borrowers were those who had undergone all necessary procedures of getting loans but had not received loans because either their proposals were not processed or cash was not yet disbursed to them. A third sub-sample consisted of 81 female non-participants which was selected randomly from the eight project areas already mentioned. Female non-participants were those who were non-borrowers and had not attended any formal MMF activities, so that they were not involved in group formation and loan repayment. But they lived in the neighbourhood of borrowers of MMF loan and had heard about MMF. The last sub-sample consisted of 48 village head-persons who were selected at random. The village headpersons were from the 258 villages where MMF was rendering its services.

The four different sub-samples were selected in order to compare observations and concerns people had on MMF operations. These would help in improving the MMF activities for the benefit of both the organization and beneficiaries. Most of the activities that were currently done were designed by MMF personnel with little contribution from participants. People's participation has now been recognized as an important element in all rural development programmes (Padmanabhan, 1988:56).

MMF staff were supposed to be interviewed as well in order to supplement the information gathered from people in rural areas. This information was collected during two workshops which were organized by the organization and the author of this paper was in attendance at both workshops. The two workshops were conducted on 14th-15th October, 1993 and on 5th November, 1993. During these workshops review of activities carried out by MMF and future plans of the organization were discussed. This same information was looked for in the planned interviews with the MMF staff.

In addition to questionnaires and workshops, relevant information on MMF activities was selected from various reports at the management office of the organisation.

Research Constraints

Funding was one of the problems encountered during the research. The survey was supposed to start on 11th October, 1993 but until a month later, the sponsors had not yet released the money. This delayed preparation of instruments for data collection.

The other problem as already explained, was that one research assistant did not do a good job.

Also collection of information on recall questions on events done over a long period of time was difficult to get because most respondents were illiterate and they did not keep diaries. Respondents could not recall amount of loan they received and amount of money used on household expenditure. They were not able to remember exact amounts of loan they received previously. Similarly, it was difficult for them to remember amount of money generated from business that was spent on various household needs. However, they remembered having received the loan in the past and spent some money generated from their businesses they started by getting loan from MMF on household requirements. As a result the amount of previous loan and amount spent on household needs was ignored but other information about loans received and money spent on household needs was used in this paper.

Data Analysis

Before computer data entry was done, the completed questionnaires were coded and checked, then data was entered into the computer. After data entry, manual verification on initial data entry was made. This was done by spot checking of a few questions for all the questionnaires. Then re-entry of data in the computer, where necessary, was made and checked in the same manner again. This was to make sure that correct and accurate data was entered in the computer.

Then frequency tables and percentage contingency as well as cross-tabular analysis was done. This was in order to find out the intensity of concerns people had on MMF operations. Also relationship of various activities such as type of business and problems faced were established.

The analysis helped in soliciting ideas from the community on how best to improve the operations of MMF. This approach in the design of most of the development schemes and projects, such as MMF, is normally ignored.

CHAPTER 3

RESULTS OF THE SURVEY

Introduction

This chapter presents the main findings of the evaluation survey. It describes households profiles, the target group of the credit, women's credit demand and entrepreneurial skills, economic benefits obtained from the credit and credit administration and repayment in MMF.

Household Profile

The majority (81.4%) of borrowers and potential borrowers are aged 26-50 years. The borrowers and potential borrowers in this age category are not only economically active but also tend to be responsible. They normally have families to look after and care for.

Young women of less than 25 years of age are less represented (9.1%) because, although they are economically active, they are considered not yet responsible and are unstable. They rarely have families to look after and are not married.

On the other hand, women of more than 50 years are less represented (9.5%) because most businesses require a lot of travel and energy. This is difficult for the older women to do. Table 2 shows the age distribution of borrowers and waiting borrowers.

Table 2: Age Distribution of MMF Borrowers and Waiting Borrowers.

Age Range (Years)	Borrowers		Waiting Borrowers		Both	
	No.	%	No.	%	No.	%
<20	1	0.6	1	1.1	2	0.8
21-25	11	6.7	10	11.4	21	8.3
26-30	37	22.6	23	26.2	60	23.8
31-35	32	19.5	14	15.9	46	18.3
36-40	30	18.3	12	13.6	42	16.7
41-45	18	11.0	9	10.2	27	10.7
46-50	21	12.8	9	10.2	30	11.9
51-55	12	7.3	6	6.8	18	7.1
>55	2	1.2	4	4.6	6	2.4
Total	164	100	88	100	252	100

There are 61.5% of the women borrowers and potential borrowers who are married, 19.4% divorced, 9.5% widowed, 5.2% single and 4.4% separated (table 3).

Table 3: Marital Status of MMF Borrowers and Waiting Borrowers.

Marital Status	Borrowers		Waiting Borrowers		Both	
	No.	%	No.	%	No.	%
Married	103	62.8	52	59.1	155	61.5
Single *	9	5.5	4	4.5	13	5.2
Divorced	33	20.1	16	18.2	49	19.4
Widowed	11	6.7	13	14.8	24	9.5
Separated	8	4.9	3	3.4	11	4.4
Total	164	100	88	100	252	100

* Not married before but have children.

The divorced, widowed, single and separated are in most cases female heads of households.

Female headed households are in the majority of the poor in Malawi. There are 42% core poor female headed households (World Bank, 1990:34). It is important to consider this group of people in poverty alleviation programmes (PAPs) if the programmes are really addressing the poor.

The greatest proportion (69.4%) of borrowers and potential borrowers had either no formal education or less than 4 years of primary education. Of those, 38.1% had no formal education at all (table 4).

Table 4: Level of Educational Attainment of MMF Borrowers and Waiting Borrowers.

Level of Education	Borrowers		Waiting Borrowers		Both	
	No.	%	No.	%	No.	%
None	67	40.9	29	33.0	96	38.1
Std 1-4	52	31.7	27	30.7	79	31.3
Std 5-8	41	25.0	30	34.1	71	28.2
Up to form 2	4	2.4	2	2.3	6	2.4
Total	164	100	88	100	252	100

Lack of basic literacy and numeracy among borrowers, who do small businesses and petty trade, puts them at a disadvantage as they fail to separate business funds from personal cash. In some cases it is even unclear to tell whether they make profits or not in their businesses. This is taken as a high risk group of beneficiaries by most financial institutions and is not considered for credit.

On Reaching the Target

MMF is reaching the target group of the poor people because priority of its services is given to people with less than 1.0 hectare of land and those who have little chance of getting credit from formal institutions.

It was noted that 53.2% of the borrowers and potential borrowers never before received credit from any formal or informal institution and only 17.1% of the respondents previously received agricultural credit (table 5).

Table 5: MMF Borrowers' and Waiting Borrowers' Previous Source of Credit.

Source of Credit	Borrowers		Waiting Borrowers		Both	
	No.	%	No.	%	No.	%
Agricultural	34	20.7	9	10.2	43	17.1
Money lender	5	3.0	2	2.3	7	2.8
Relatives	24	14.6	19	21.6	43	17.1
Neighbours	8	4.9	6	6.8	14	5.5
Others	5	3.0	6	6.8	11	4.3
None	88	53.8	46	52.3	134	53.2
Total	164	100	88	100	252	100

In addition, 90.1% of borrowers and potential borrowers had no knowledge of credit institutions that give credit for income generating activities (IGAs) in rural areas (table 6).

Table 6: MMF Borrowers' and Waiting Borrowers' Knowledge of Other Credit Institutions.

Response of Knowledge	Borrowers		Waiting Borrowers		Both	
	No.	%	No.	%	No.	%
Yes	20	12.2	5	5.7	25	9.9
No	144	87.8	83	94.3	227	90.1
Total	164	100	88	100	252	100

People who have small pieces of land, little access to credit facilities and lack knowledge of formal credit institutions in their localities are unable to satisfy their subsistence food and cash requirements because of lack of resources like credit. MMF catered for such group of people and helped them out of poverty circle through provision of credit.

Although MMF is reaching the target group of people, it does this on a small scale in relation to the country's population of the rural poor. Its operation are restricted to few (6) districts in Malawi and just some parts of those districts. This makes its

operations insignificant.

Women's Credit Demand

It was noted that 68.3% of the sample interviewed had knowledge of women who were willing to join MMF (table 7). And among the current borrowers, 97.6% indicated that they needed other loans in future.

Table 7: MMF Borrowers and Waiting Borrowers' Knowledge of other People Willing to join MMF Credit.

Response on Knowledge	Borrowers		Waiting Borrowers		Both	
	No.	%	No.	%	No.	%
Yes	115	70.1	57	64.8	172	68.3
No	49	29.9	31	35.2	80	31.7
Total	164	100	88	100	252	100

In addition, 8020 women had registered as members with MMF since its inception in 1990 (MMF, 1993). The above statistics show that there is demand for the type of credit for women in the rural areas. People were willing to get and continue to get credit from MMF because of its simple credit terms and benefits realised. The simple credit terms that are followed motivate the poor to get

credit from MMF. Such terms include no collateral and small repayments.

On the other hand those who were willing to continue to get credit from MMF have either not benefitted enough from the first or subsequent credit so as to be independent, or they wanted to expand their current businesses. The knowledge of more women willing to get credit from MMF assures future expansion of the credit programme.

Women's Entrepreneurial Skills

Women have entrepreneurial skills which they use in order to meet their basic household needs. They use different survival skills such as baking, weaving, knitting and making mud pots to meet household expenditure. They are also involved in trading farm produce, fish, clothes and other commodities. This is evident in this survey where the people interviewed indicated to have been involved in businesses they chose before and after they joined MMF. Most women stated that they were engaged in those businesses before and then stopped for sometime because of lack of capital. Some were still doing those businesses by the time they received credit from MMF but at a smaller scale. Others did not do any business before. All these admitted to have started and continued their businesses because of MMF credit. They gained more knowledge and experience in running businesses through interactions with fellow

group members and MMF staff.

Benefits Derived from Credit

Income generated from businesses was mainly used for paying school fees, buying food, repaying loan, representing 38.4%, 31.7% and 23.2% respectively (table 8). In addition, borrowers managed to build better shelter, buy farm inputs and other household commodities.

Table 8 : Use of Money Realised from Business

USE	FREQUENCY	PERCENTAGE
Paying school fees	63	38.4
Buying Food	52	31.7
Initiation Ceremonies	2	1.2
Repaying Loan	38	23.2
Expanding in Business	1	0.6
Paying Hospital Bills	1	0.6
Nothing	7	4.3
Total	164	100

The case studies below show the benefits some individuals obtained from their businesses through MMF credit scheme. These were obtained from reports on profiles of good loanees in MMF.

Case Study 1

Cecilia Makunje is a single lady aged 42 years. She comes from Chilewani village of Traditional Authority Chitera in Chiradzulu district. She had attended primary school up to standard 5. She has 3 children, 1 is at school in form 1, the other is training as a tailor and the last one is married.

Cecilia joined MMF credit group and received her first loan amounting to K450 in November, 1990. She started the business of selling clothes with the loan. She managed her business so well that she made substantial profits. She used the profits to improve her family welfare. She moulded and burnt bricks for building a durable house, paid school fees and bought school uniform for her form 1 child, paid fees for training as a tailor for her other child. She bought building materials for her house, fertilizer for her garden, clothes for herself and family, a goat, food and finished repaying the first loan without difficulty.

Cecilia received the second loan amounting to K700 in May, 1992. She continued to invest in the business of selling clothes. A month later, June, 1992, her business had grown quite satisfactory. She had K780 cash in hand, K230 cash in bank, K80 in debtors and stock of clothes worth K1,300. All this was claimed to be from no other source than the business of selling clothes started by capital injection from MMF.

Cecilia's immediate plan was to finish building her house. She intended to have a decent house with iron sheet roofing and cemented floor. She wished to employ one person to assist her in the business.

This case study shows how some women use the money realised from their businesses. They can educate their children, clothe and feed them and construct durable houses.

Case Study 2

Dinner Joseph is a married lady of 43 years old. She comes from Khombe Village in Traditional Authority Nankumba in Mangochi district. She has 1 child.

Dinner's previous occupation was subsistence farming. This occupation could not provide her enough income. She supplemented her income by selling firewood to fishermen at the lake. This was time consuming and a hard way of earning income.

Dinner heard about MMF sometime back but hesitated to join MMF credit group until October, 1990 when the first people received credit in the area. By December the same year, she received credit amounting to K180 to start selling rice. However, she started buying maize and processing into flour and selling the flour. She did that for one and a half weeks. Then she changed to selling sugar. Five months later she changed from selling sugar to selling clothes. This business grew such that within 11 months she had running capital of K1,500. She then changed back to selling sugar.

Dinner employed a permanent labourer to work in her garden, bought farm inputs and grew enough food. By 1993, she had built a house with burnt brick walls which cost her K500. She bought a radio and clothes for her family.

Dinner had been sick from September to October, 1993. She intended to start a grocery business once she recovered. She wished to get another loan to expand her business.

The case of Dinner Joseph is another clear indication of economic benefits women can get by giving them working capital. She helped to improve the unemployment situation by employing someone on permanent basis to work in her garden.

Despite the above claimed achievements made by borrowers, most of them (154 borrowers) faced some difficulties in doing their businesses. Only 10 borrowers said that they faced no problems. The problems that borrowers faced included lack of raw materials, too much supply of commodities, high transport costs, poor storage, theft of both commodities and cash (table 9).

Table 9: Cross tabulation of type of Business and types of problem Faced

TYPE OF BUSINESS	TYPE OF PROBLEM FACED						Total
	Lack of raw materials	Lack of skill	Lack of adequate capital	Too much supply of commodity	Transport expensive	Others	
Farm Produce	18	1	4	7	5	20	55
Clothes			3	2	1	4	10
Hawker	2			1		1	4
Baking	10		2	2		5	19
Fish	27		2	2	4	13	48
Tea room	2		1			1	4
Restaurant	1		1		1	3	6
Knitting	2						1
H/craft	5						2
Tyrethreads							5
Butcher							
Total	68	1	13	14	11	47	154

Note: . 10 borrowers faced no problem at all

. Other problems include: theft, poor storage, sickness.

For example, shortage of maize was one of the problems in the business of selling maize. Maize was so scarce that rationing was done at Admarc or by private traders. This problem was noted by Nankumba and Kapininga (1992:30) in a survey done in Chiradzulu branch of MMF. On the other hand baking was difficult due to shortage of wheat flour. There was shortage of wheat flour in the country during some months of 1992 because of problems of transport. Nacala railway was closed in Mozambique and wheat flour could not be transported to Malawi due to lack of security in that country.

Fish business depended on weather and relationship. When it was windy fishermen did not catch fish and should the weather be good for catching fish, one needed to be known to fishermen in order to buy fish. Bad weather and poor relationship made it difficult to conduct the business

Lack of raw materials affected subsequent credit activities like weekly meetings and loan repayment. Some borrowers could not come back to their homes to attend weekly meetings and honour their weekly repayment without commodities for businesses.

Attendance and repayment was also affected by too much supply of commodities at selling markets. Borrowers could not sell their commodities quickly. This made them stay at the selling markets longer than expected, hence they missed weekly meetings and loan

repayment.

The problem of high transport cost, poor storage and theft of commodities led to low profits or no profits in case of theft. This resulted in failure to continue running the business at a profit and repaying the loan.

Credit and Savings Administration

There are several procedures that are followed in order to get credit from MMF. These include group formation and training, loan disbursement and repayment procedures, and savings. The procedure can be expensive if not properly designed. MMF should reduce on credit and savings operational costs through innovative experiments in the group formation and training, loan disbursement and repayment, savings, and default control.

Group Formation

MMF does not demand collateral in order to give credit to an individual. It requires one to form a group of five individuals. The group is the key unit and first necessary step that allows one to receive credit from MMF. It acts as collateral in the form of group pressure. Group pressure is expected to be enforced on members to ensure excellent loan repayment.

However, 69.5% of the borrowers interviewed indicated that membership in their groups changed. This high percentage of unstable groups is a sign of weak group pressure. This is because any replacement to that member who dropped his/her membership does not exert the same pressure. He/she is taken as a new comer who does not know much of the previous stand of the group. And since excellent repayment of loan is expected to be influenced by group pressure, poor group formation affects it.

The factor that caused poor group formation is misunderstanding among the rural poor on loan procedures. Rural poor rushed in forming groups. They thought that once a group was formed, they would receive loans immediately.

This resulted in recruiting some members who were not trustworthy. Such members received loans but did not participate in most of MMF credit activities like attending weekly meetings, repaying loan and making weekly group savings. MMF stopped rendering its services to groups which had such members and some of the remaining members got discouraged and stopped to participate in MMF activities.

Group Training

Training is one of the activities that one undergoes in order to receive loan from MMF. This activity was highly appreciated by most borrowers (98.8%). Borrowers cited topics such as principles of MMF, group solidarity, role of group leaders and members, market research, business management, loan repayment, and savings administration as important in understanding the MMF credit system.

However, borrowers requested for inclusion of a topic on basic literacy and numeracy in the training programme design. Simple techniques in cash management and business record keeping were required in order to improve their ability in managing business operations. Borrowers are advised to attend adult literacy classes which are organised by the Ministry of Women and children Affairs, Community Development and Social Welfare. This would help borrowers avoid misallocation of business money.

Loan Disbursement

The highest proportion (27.4%) of borrowers interviewed received loans ranging from K250 to K300. There were 88.4% of the borrowers who received loans of less than K300. Loans ranging between K250 and K300 seem to be the most preferred amount among the rural borrowers. The highest proportion (39.8%) of waiting borrowers indicated that they required loans within that range

(table 10).

Table 10: Loan Range Given to and Required by MMF Borrowers and Waiting Borrowers.

Loan Range (MK)	Loan Given to Borrowers		Loan Required by Waiting Borrowers	
	No.	%	No.	%
50-100	6	3.7	1	1.1
101-150	25	15.2	2	2.3
150-200	38	23.2	11	12.5
201-250	31	18.9	4	4.5
250-300	45	27.4	35	39.8
301-350	12	7.3	12	13.6
351-400	3	1.8	7	8.0
401-450	1	0.6	5	5.7
>450	3	1.8		
No idea			11	12.5
Total	164	100	88	100

These are small loans and are expensive to administer. An increase in the number of loans disbursed to borrowers can bring the cost down. In order to disburse more loans, the urgency in disbursing loans should be considered. Currently borrowers could

wait up to 1 year without receiving loan.

Most (72.2%) of the borrowers and waiting borrowers in MMF preferred to wait for 4 weeks from the time groups were formed to loan disbursement (table 11).

Table 11 : Preferred Waiting Time to Receive loan by MMF Borrowers and Waiting Borrowers.

Length of time preferred (weeks) Range	Borrowers		Waiting Borrowers		Both	
	No.	%	No.	%	No.	%
1-4	131	79.9	51	58.0	182	72.2
5-8	17	10.4	19	21.6	36	14.3
9-12	12	7.3	6	6.8	18	7.1
13-16	2	1.2	2	2.3	4	1.6
17-20			1	1.1	1	0.4
21-24	1	0.6	5	5.7	6	2.4
>24	1	0.6	4	4.5	5	2.0
Total	164	100	88	100	252	100

Quick disbursement by reducing the waiting period would help to increase the number of loans disbursed. Consequently this would reduce the cost of credit operations.

Loan Repayment

Small weekly instalments repayment schedule that is followed in MMF has been accepted with mixed feelings among borrowers, waiting borrowers, non-participants and village headpersons.

Most borrowers (43.9%) preferred small fortnightly repayment to weekly and monthly repayment schedules. The majority of waiting borrowers (50.0%) preferred weekly to fortnightly and monthly repayment. As for non-participants and village headpersons, the highest proportion, 37.0% and 54.1% respectively, preferred monthly to weekly and fortnightly repayment. The repayment schedule mostly preferred by all the categories of people indicated above was fortnightly (table 12).

Extension of repayment schedule from weekly to fortnightly and monthly was proposed by borrowers, non-participants, village headpersons and waiting borrowers so as to give more time for conducting businesses and avoid failure of borrowers to attend weekly centre meetings and repay loan.

Table 12: Repayment Period Preferred by Borrowers, Waiting Borrowers, Non-participants and Village Headpersons.

Preferred Repayment Period	CATEGORY OF RESPONDENTS									
	BORROWERS		WAITING BORROWERS		NON- PARTICIPANTS		VILLAGE HEADPERSONS		TOTAL	
	No.	%	No.	%	No.	%	No.	%	No.	%
Weekly	58	35.4	44	50.0	25	30.9	2	4.2	129	33.9
Fortnightly	72	43.9	34	38.6	22	27.2	15	31.2	143	37.5
Monthly	34	20.7	10	11.4	30	37.0	26	54.2	100	26.2
Others					4	4.9	5	10.4	9	2.4
Total	164	100.0	88	100.0	81	100.0	48	100.0	381	100.0

Borrowers rushed in buying and selling their commodities in order to meet demands of other MMF credit activities. Some borrowers acquired inadequate commodities for their business or sold their goods hurriedly at lower price so as to meet weekly centre demands. This resulted in realising low profits or even losses because transport had been spent on small business deal. This observation was also made in a survey conducted in the organisation by Nankumba and Eliasi (1992:23).

While some borrowers could buy and sell commodities hurriedly, others failed to attend to centre demands because either they had bought and sold little or nothing of their commodities. This made them reluctant to go and attend to centre demands thereby the organisation facing poor weekly centre attendance and loan instalments.

Fortnightly or monthly repayment schedules would help improve borrowers' business operation. It would help borrowers improve the centre attendance and loan repayment as well.

Savings

Borrowers and waiting borrowers saved an equivalent of 10.4% of the total amount disbursed as loan in three and half years in MMF. Of this, 7.2% and 3.2% was group and personal savings respectively.

Personal savings came from 269 borrowers and waiting borrowers. This represented 25.4% and 15.8% of the total number of borrowers and confirmed members respectively. Many (49.2%) borrowers and waiting borrowers interviewed did not save money anywhere. Few (26.2%, 18.6%, 4.0%, 1.6% and 0.4%) saved money in their houses, in MMF, Post Office Savings Bank (POSB), with relatives and others respectively. The above figures show that most people saved money in their houses. Probably people had little trust in saving with MMF.

However, most (86.6% and 89.8%) borrowers and waiting borrowers respectively indicated that they had no problems with MMF savings conditions. They failed to save because they made little profits from their businesses. Others were reluctant to save as a way of hiding their financial situation to fellow members and MMF staff. They did not want others to know their financial stand for fear of being hated and bewitched by those who did not do well. They also did not save with MMF so that their money is not forfeited should there be defaulters in their group.

MMF tried several ways of mobilising savings, it offered interest twice a year, kept book balance or initial sum to the minimum of K2 (smallest among financial institutions in Malawi), the service was done near their homes, provided commodious savings and withdrawal conditions.

Personal savings should be made compulsory to all borrowers. They should start saving once they receive loan. Also there should be provision of incentives like giving bigger subsequent loans to those who save more money than others or giving them higher interest on their savings than others. These can improve the savings activity in MMF.

Default Control

The cumulative recovery performance of loans in MMF is better for female loanees than for male (80% and 36% respectively). The repayment rates are affected mainly because of borrowers who got loans in the initial 2 years of MMF operations, most (485 out of 646) borrowers did not finish repaying their loans (MMF, 1993). This was partly due to imitation among borrowers. Uncommitted borrowers noted that some of their fellow borrowers who defaulted first had faced no serious action against them. Defaulters were just persuaded to repay loans by fellow members, MMF staff, reminder letters, local leaders campaigned against default, and MMF suspended disbursement to members whose group members had defaulted. These actions yielded negligible results on repayment.

Other factors that contributed to default were poor group formation, wrong design of repayment schedule, failure of businesses, low profits, and natural disasters like sickness as well as deaths.

Court action had been proposed by most MMF staff to control default. This was not tried because it was thought the action would scare the rural poor benefiting from the credit programme. It was also regarded as a costly action to pursue.

The results of the survey showed that court action could be used to control default. The highest proportion (31.2%) of the people interviewed proposed court action to be used against defaulters. This shows that the rural poor are already aware of such an action on one who does not repay the loan. Therefore the fact that the court action may frighten the rural poor can apply only to a lesser extent than imagined.

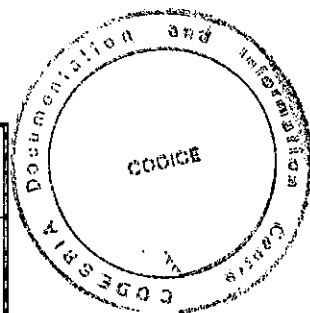
Other measures to be tried to control default are forming strong groups which can use strict collective responsibility, giving additional loans to genuine defaulters, advising borrowers to do thorough market research of their businesses, and designing repayment schedule that considers business cycles.

Loan Perception

Nankumba and Kapininga, (1992:40) claimed that 65% of the loanees treated loans from MMF as grants. But results of this survey showed that only 2.4% treated loans from MMF as grants or both. The rest, 97.6% viewed MMF loans as loan (table 13)

Table 13 : MMF Borrowers' Perception of loan.

Perceived as	No.	%
Loan	160	97.6
Grant	2	1.2
Both	2	1.2
Total	164	100



The few (2.4%) of respondents who stated that MMF loans were grants or both said that because of the soft terms that are followed for one to get loan. The soft conditions made borrowers feel that they were getting something almost free (as grant). This shows that MMF credit is easily accessible to rural poor.

On the other hand the contradicting results of the two authors just cited indicate that attitudinal change is a process that takes sometime. In 1991, when the first survey was conducted, MMF had been operational for one and a half years. The programme was still new and people's attitudes had not changed. They felt that since they were poor, they were being assisted freely by the government from poverty situation. As time went and MMF staff continued telling the rural poor of the MMF loans, most rural poor came to recognise that the organisation was really giving loans and not grants. Borrowers were urged to repay loans in order for them to continue getting credit from MMF.

The conclusion of this chapter is that MMF gives credit to people who are economically active and responsible - people who have the power to do business but lack resources. Lack of resources to those people was due to little productive land, limited access to credit due to lack of collateral and knowledge of credit institutions.

There is high demand for MMF credit in rural areas. Women utilise their productive skills because of credit. Credit to women promotes family welfare and ensures food security, it also reduces unemployment situation as it is evident in case study 2 where a woman employed a permanent worker.

Marketing is one of the main problems affecting the running of small businesses. Borrowers have difficulties in acquiring raw materials and selling of commodities.

Design of credit and savings programmes requires people's participation. People's participation helps to design a programme that is suitable for both beneficiaries and the organisation. Some ideas from local people help to reduce the cost of running the organisation, thereby making it cost effective.

Introduction of new ideas to rural community requires continuous education or training in order to have the idea accepted and adopted. This was the case with MMF credit. With continuous

training, borrowers now accept that MMF gives credit and not grants.

The next chapter discusses the lessons learnt and experiences on management and operations of MMF. It also looks at how MMF can be institutionalized by improving the performance of the programme.

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CHAPTER 4

LESSONS AND EXPERIENCES ON MANAGEMENT AND OPERATION OF MMF

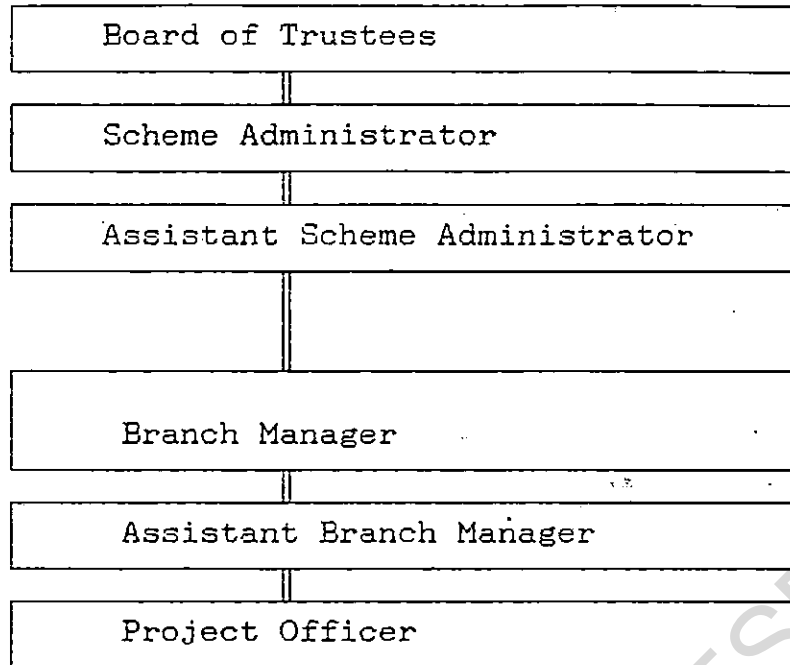
Introduction

The effective, efficient and economic performance of MMF credit operations as observed by MMF staff, have been affected by the organisational set-up, procedures of selecting project areas and borrowers, training borrowers, disbursing and repaying of loans, mobilizing savings, and funding. Although borrowers, especially female borrowers, have benefited from MMF credit, the benefits can be increased by critically reviewing the above factors that affected the operations of the credit system. This can help improve the performance of the credit scheme. Therefore, this chapter is intended to elaborate on how the MMF staff view the effects of the outlined factors on the performance of MMF credit operations. It also suggests some measures to be taken in order to improve on the performance of the organization's services.

MMF Organizational Structure

Diagram 1 (a) and 1 (b) below show the current and proposed organizational structure of MMF. MMF is governed by a Board of Trustees most of whom are government officials and are changed frequently. This makes the management systems and procedures highly bureaucratic and affects continuity of activities.

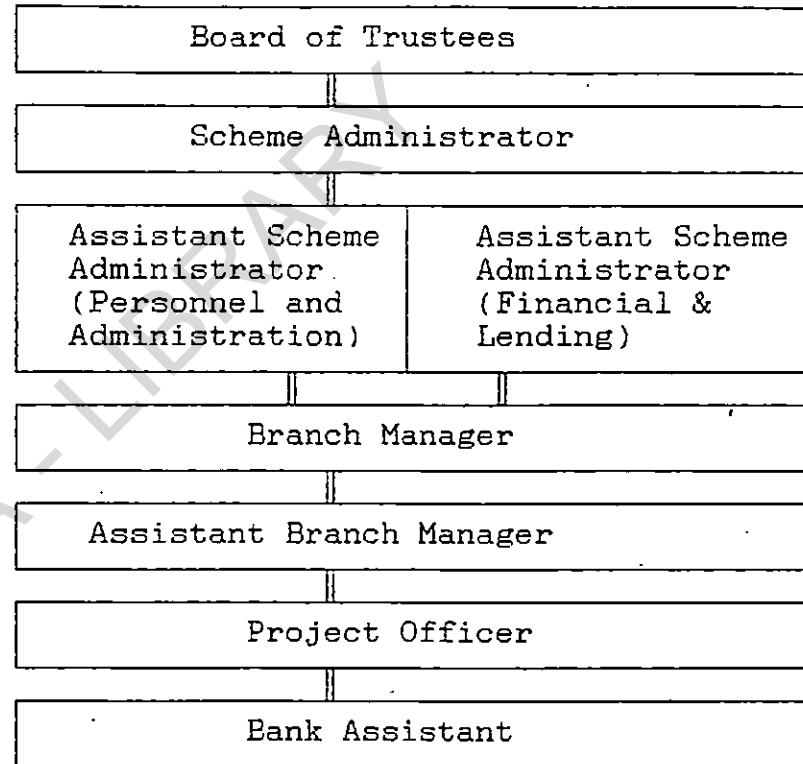
Diagram 1(a): The current organizational Structure of MMF



Note:

- . There are 2 Branch Managers
- . Each Branch Manager controls 4 Project Officers.
- . Each Project Officer is supposed to give loans to a maximum of 250 borrowers.

Diagram 1 (b): The organizational structure of MMF



- . There will be 14 Branch Managers
- . Each Branch Manager will have 8 Project Officers.
- . Each Project Officer will have 10 Bank Assistants
- . Each Bank Assistant will give loans to a maximum of 75 borrowers.

Important issues in MMF take time to be considered and are not considered at all in some cases because board members are more committed to government activities than to MMF activities and are changed.

It is important to choose board members who would be committed to the activities of the organization so that important issues of the organization are treated with urgency.

MMF has small staff of 27 members. This is in two categories, the management and branch levels. The management has 9 members of staff headed by the Scheme Administrator (who is the chief executive) and his/her assistant, the accountant and his/her assistant, the secretary, the copy typist, the driver, the messenger and the watchman.

The chief executive and the assistant are both on secondment from government. They are to serve in the organization on contract and return to their original employer (the government). Actually the chief executive went back to her original employer two years ago and there has been no replacement. This sort of staffing causes lack of continuity of activities in the organization. In addition the bureaucratic nature of operating activities by government trained personnel is transferred to MMF.

The management should comprise of permanent staff to ensure continuity of activities. Currently one person deals with lending and financial matters as well as personnel and administrative matters. These responsibilities should be shared by two individuals, one responsible for lending and financial matters and the other for personnel and administrative matters. This would help improve the efficiency of rendering MMF services to the rural poor.

Most of the branch field staff had just come from college. These were mainly diploma holders (those with three years of university education). They had very little experience and initial training in rural group formation and credit delivery services. Most of them had worked less than a year and had only a week of training, with no initial on-the-job training. There was no place where this system of credit operation was established in Malawi that could act as on-the-job training school. Hence, there was inappropriate strategies that were developed for the credit delivery system because of inadequate training.

The other factor that led to inadequate training was donor push. The donors wanted to see the actual field operations get started without well trained staff in place. The management had to train its staff in a short period in order to make sure that the operations got started.

The effectiveness and efficiency of rural credit depend heavily on the quality of performance of the field staff. This can be achieved by having a well trained staff. Training of field staff should be for a period of 6 months. Apart from lessons in class, there should be on-the-job training in order to have staff on the right path of rural credit administration.

The field staff, those in direct contact with borrowers, should be holders of the Malawi School Certificate of Education (four years of secondary education). They should be supervised by diploma holders. The field staff should be accommodated right in villages where MMF offers its services rather than in trading centres as it is the case now. The management failed to post field staff to the villages because of the 'latters' educational qualifications. People with a diploma could not stay in villages and work comfortably. Instead trading centres were identified as suitable places to operate from. Also the educational qualification and sparsity of the population made the management decide to let field staff use motorbikes as a mode of transport. This made the operations costly.

Employing Malawi School Certificate of Education holders and accommodating them in villages would reduce on salary and travel costs. They would be getting less salaries and would be using bicycles and not motorbikes as a mode of transport.

Selection of Project Areas

The choice of areas in the initial districts of Chiradzulu and Mangochi where MMF mainly offers its credit services was done by the District Development Committee (DDC). The DDC comprised of the District Commissioner as chairperson, all heads of governmental and non-governmental organizations, chiefs and other local leaders in a district.

The involvement of the above committee in identifying central areas of operations was good. It involved local participation in the development process of a district. Their participation made them enthusiastic to see the programme succeed by holding formal or informal discussions with beneficiaries on how the programme came to the area.

However, there was lack of consideration of some factors that could make the credit delivery system efficiently and economically successful. Such factors include: population, availability of markets, and distance from head and branch offices. Some project areas were established in areas that were sparsely populated with no good markets and far from head and branch offices. Project areas in those situations were uneconomical to manage and difficult to be supervised by senior staff both at management and branch levels.

Identification of project areas should consider the population size, availability of markets, distance from head and branch offices in order to operate economically. This could be done by carrying out feasibility studies of the areas and locate head and branch offices strategically.

Selection of Borrowers

The field staff were strangers in the areas where MMF offered its credit services. In addition they were inexperienced in the rural credit delivery system. They could not know the character of individuals in villages. Yet selection of borrowers was mainly done by them with little involvement of local leaders and the community at large. This resulted in recruitment of untrustworthy borrowers in the organization. Consequently there were a lot of defaulters, especially among male borrowers, during the initial years of MMF operations.

Therefore, selection of borrowers should be only from females and done together with local leaders and the community so that untrustworthy borrowers are avoided. Local leaders and the community know their people better than MMF staff.

Some local leaders and members of the community may confirm someone as a borrower because of their relationship and not good manners. In this case care must be taken when using them by

getting information from other sources about potential borrowers in the location. Also proper training of staff discussed in the previous section would help improve the selection process of borrowers.

Training of Borrowers

Training is a slow and costly process in MMF. The delay in training are caused by: illiteracy, age, disbanding of groups, and staff workload.

Training was done orally because most members (69.4%) were illiterate. Retention of materials discussed during training was difficult among trainees. Trainers had to repeat some of the topics several times in order to have the message understood and stored by trainees.

Some of the aged members were slow in understanding training materials. The disbanding of groups during training delayed the process because, when members left their groups, training was stopped until groups were reorganized. MMF staff had too much work to do and this left them with little time to do recruitment and train new members.

The slow process of training and small sizes (5-10) of group members trained at a time in a particular area made the training process a costly activity. Travelling to places of the activity was expensive.

Reducing the frequency of visits made to training places, and increasing the number of people to be trained from 5 to about 20 at a time, can reduce the cost of the activity.

Loan Disbursement

A centralized system of loan disbursement was practised. All loans were approved and disbursed by the management. Waiting for approval from the management delayed the disbursement process.

It was after the management personnel had approved a few loans from branches that they decided to travel and disburse loans to borrowers. They went there by car and because the loans disbursed were small and few, the operation was costly. Interest that was charged and collected on small loans most times did not even recover fuel cost used for the trips made for disbursement.

Male borrowers proved to be less trustworthy than females. Most of them did not repay loans and use the income generated from their businesses in uplifting the standards of living of their families. Some families of male borrowers suffered abandonment

because of matrilocal marriage system, some men easily remarried and established other homes where they were doing businesses. Others went in hiding after failure to repay loans. Yet loans were for both male and female borrowers.

Big loans were disbursed to some businesses that did not require that much money. This resulted in misuse of excess money loaned to them. Consequently they faced difficulties in repaying the loans from small businesses that generated little profits. Worse still loans were disbursed very fast regardless of early signs of default cases among members in some groups at the centre. This made more and more borrowers default at a centre.

Another experience on loan disbursement was that loans were disbursed to some people who had little knowledge about how to start business. Such people ended up spending the loaned money on household needs other than on business, or invested it in unprofitable businesses. As a result, such borrowers did no business and had no source of income to repay loans.

Loans to group members were disbursed in a staggered manner. This made some borrowers receive loans when their businesses were not in season. They could not refuse to receive the loan at that time because they felt their chance of getting the loan again could not come quickly. As a result they started businesses poorly due to either lack of raw materials or customers to buy their goods.

The above experiences in loan disbursement could be improved in various ways. Disbursement and approval of loans should be decentralized. This should be encouraged in any rural credit system.

Loan processing delayed disbursement. MMF staff should prepare standardized loan proposals which should enable them to know prices of commodities from different market sources. This information can be used to estimate the amount of loan required for a particular commodity one would like to purchase from those markets. Then requests for loans should be made verbally in the presence of all members at the centre. These should be agreed by all members and compared to the proposed amount with standardized proposals. Then disbursement can be decided on the basis of those requests. This would avoid delays in loan processing and disbursement.

Loans should be disbursed to female borrowers only. Female borrowers improved the welfare of families and repayment rate in the organization. In order to achieve MMF objectives and maintain continuity of the organization's activities, only female borrowers should be considered in this type of credit system.

It was difficult for some borrowers to do business because they had no knowledge of how to start business. Therefore, people with some experience should be considered for this type of credit.

Those who have little or no experience should be trained in how to start business before loans are disbursed.

Since staggered disbursement made some people receive loans when their businesses were not in season, and it also delayed the process of loan disbursement, it is being suggested that loans should be disbursed to all members whose businesses are in season at a time. This would help borrowers receive loan at the right time and avoid delays in loan disbursement.

Loan Repayment

The loan repayment period in MMF was 50 weeks, during which period equal weekly instalments should have been repaid. This was arranged so that the rural poor should not feel the loan repayment burden which would arise should they be required to repay the whole loan at once. And at the same time it was expected that borrowers could use the balance from their profits for reinvesting in their businesses and purchase of household requirements. The arrangement ignored the fact that most small businesses were seasonal and that they did very well in the first few months of their commencement.

The weekly loan collection from centres was an expensive activity. It required an officer to travel to the place of loan collection every week.

In case of seasonality of small businesses, fish business for example depends on weather, it is not possible to collect loans weekly. During one week there would be good weather for catching fish. Borrowers could buy fish with little difficulties and at cheap prices. They could later sell the fish at substantial profit that could repay half of the total loan at once. But this did not happen all the time. The extreme cases are when the lake is closed for breeding purposes. That time few people are allowed to catch fish using special methods. Hence fish is scarce to get and borrowers are forced to change their businesses to some other businesses that do not generate enough profits to meet the weekly repayment, and borrowers experience difficulties to meet weekly loan instalments.

Small businesses prosper well and make a lot of profits in the first few weeks of their commencement. Borrowers are enthusiastic to do business and make a lot of profits that can repay a greater part of the loan at once. But because emphasis was put on small equal weekly instalments, borrowers were not allowed that. And as time went by, the morale of doing business went down and little profits were made. Borrowers failed to meet weekly instalments in such cases.

MMF staff go to centre meetings to collect loans once every week. This process is expensive because there are a lot of centres where interest collected which is supposed to meet the cost of

administering loans, cannot offset the cost of transport used to travel to such centres every week.

On the other hand, weekly centre meetings help monitoring of borrowers' businesses. Some borrowers require frequent guidance in conducting their businesses through weekly monitoring which is mostly done during centre meetings. They have little experience in doing business at the level of capital provided through credit by MMF. Frequent monitoring of borrowers' businesses encourages them to do business in the rightful manner. However, frequent monitoring of borrowers' businesses makes some borrowers feel that the businesses belong to MMF. Any failure of businesses is attributed to bad luck or MMF failure to solve problems for them.

Seasonality of businesses and their better performance in the first few weeks of their starting require reduction of repayment period to 25 weeks and acceptance of advance loan repayment. The reduction of repayment period from 50 to 25 weeks was instituted in the third year whereas advance payments were accepted in the second year of MMF operations. These developments helped improve the repayment rate in MMF.

Since weekly loan collection is expensive it is being suggested that this can be reduced by reducing the frequency of loan collection from weekly to fortnightly or monthly.

Fortnightly or monthly repayment schedule would reduce the cost of loan collection for each centre by half or one quarter per month. Borrowers would also be more independent in doing their businesses when the repayment schedule is improved. This would make borrowers more committed to doing businesses on their own.

Savings Mobilization

The rural poor need to build their own capital through savings in order to render the loan programmes self-sustaining. The savings programmes protect a loan programme by collateralising its loans, or indirectly increasing the programme's interest taken by paying low rates on the savings.

MMF has two types of savings, the group and personal savings. These savings raised some operational problems. The problems and suggested remedies are explained below. The group savings included compulsory weekly savings and group tax as group fund, emergency and special savings. The compulsory weekly savings were contributions made by individual members of a group once every week. These contributions were not being made as expected in most cases because of poor attendance. Some members failed to attend weekly meetings, and consequently they were unable to contribute to the savings. Others openly said that they could not afford the weekly contributions because they were poor.

The group tax savings were done when one received the loan from MMF. These were 5% of the loan amount contributed to group savings. They were lent out to borrowers from MMF. These savings did not give any problem when making contributions. However, borrowers did not feel as if it were their own money and contribution. This was evident by the little pressure that was put when one borrowed from the fund. Fellow group members could not give enough pressure to a member who borrowed from the fund and failed to repay. They felt the fund belonged to the organization since the bulk of the savings were loaned to them by MMF.

The emergency savings were a 1/4 of interest charged on loans borrowers received from MMF. The savings were made by individuals who had received loans at the end of loan repayment at a centre. Many borrowers could not contribute towards the savings that time. They were reluctant to contribute because the fund was meant for emergencies and since they did not have any emergencies themselves and hesitated to remain in their groups, low savings were realized. The inadequacy of the savings made it difficult to use them centrewise.

The special savings were voluntary savings which members could have or not. The amount of contributions of the savings were agreed to by members themselves. Very few members established these savings, probably because they had already too many types of savings to make.

Personal savings in their turn were done by few individuals with little amount as discussed in chapter 3.

Design features that could improve group and personal savings in MMF would include all group fund savings coming from members, and contributions made in turns by group members in a group of 5 individuals. This would enhance group solidarity as well.

Emergency savings should be contributed at the beginning of loan repayment and should be pooled at management level so that they could serve the purpose. Keeping the money at the centre did not help because some centres had more emergencies than others, who might have no emergency at all.

In addition to the strategies discussed in the previous chapter on personal savings, the savings could be improved by providing incentives to members of staff who mobilise more savings. Such incentives could include bonus and different salary increments. Members of staff who mobilize more savings should be given bonus or higher salary increase than those who mobilise less savings.

Funding

The financial requirements of any programme has a direct relationship between the amount of funds available and the pace of

possible expansion of the programme. MMF is funded by IFAD. This made its operations restricted to IFAD's agenda. IFAD planned to fund MMF project for a period of 7 years in 2 phases. The first phase was to fund 2 branches for 5 years and the next phase to fund another 2 branches for 2 more years. This resulted in extending MMF facilities to limited geographical areas and yet there were many rural poor people in Malawi, as shown in this evaluation survey, who needed the same facilities.

Donor organizations partially listen to the requirements of poor countries. Therefore, it would be necessary for the government of Malawi to give loan(s) to MMF at zero interest, considering that the organization would help in the attainment of government poverty-reduction goals. The government should also allow to be a guarantor of MMF loan(s) from Commercial Banks which should charge concessionary interest rates.

The other point to consider on funding support is to treat all developmental costs as grants to MMF. Development cost are annual operational expenditure that cannot be paid from income generated by MMF through interest charged on loans. This is because at the beginning of operations only few borrowers can be reached with small loans where small interest is expected to be received by investment in a certain number of staff and materials. However, the number of borrowers could continue to increase with the same initial investment and the operating costs decrease proportional to

total costs.

In this chapter, it was found out that there was inappropriate recruitment and inadequate training of some staff. Board of trustees were preoccupied with government activities more than those of MMF. Most field staff were inadequately trained. This made the operations in MMF costly and ineffective.

The selection of project areas ignored some important factors like population size, availability of markets and distance from supervisory points that affected economic viability of the project. Also local participation was required in order to select trustworthy borrowers.

Training of borrowers was slow and expensive. It was necessary to cut down the costs of the activity by reducing the frequency of conducting training and increasing the number of trainees taken at a time.

The chapter also showed that loan disbursement was slow because of the centralized system of disbursement and long loan processing procedures. It is suggested that disbursement be decentralized and the loan processing procedures be simplified so as to speed up disbursement.

Loan disbursement to male borrowers did not help MMF attain its goals. Therefore disbursement should be done mostly to female borrowers who have some business ideas.

Loan repayment schedules did not take into consideration the seasonality of businesses and their life span. It is necessary that loan repayment schedules should take into consideration business cycles so that borrowers do not feel ill at ease to repay loans the time the business is not doing well. There should be flexibility in loan repayment schedules, depending on business cycles.

Again it was seen that members of staff had difficulties in collecting some savings from borrowers. However, they could be motivated to overcome the difficulties and collect more savings by providing some incentives to them.

Finally, externally funded projects are strongly influenced by the donors. Therefore, it is necessary for governments of poor countries to mobilise local resources and loan the resources to such important poverty alleviation programmes. And governments should assist the programmes by giving grants for developmental costs.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

Rural credit programmes, including MMF, for IGAs designed to reach the poor have included high proportions (>80%) of women among their borrowers. With the high proportions of women borrowers in the credit programmes, it is proper that the design of such credit programmes solicit ideas and experiences from the borrowers they assist and members of staff of the lending institutions that implement the programmes. The information and experience can be obtained through interactive and participatory discussions from the parties mentioned above.

It was through the interactive and participatory discussions that this study revealed that rural credit could make the rural poor, especially women, resume or expand their businesses which they had stopped sometime back or ran on smaller scale due to the injection of capital through credit. Rural poor, who are current borrowers, stated that they gained more knowledge in running their businesses because of the credit from MMF and the experience sharing activities they had with fellow borrowers and MMF staff at weekly meetings and other training sessions.

The study showed that MMF credit was accessible to women. There were 53.2% of the women borrowers and potential borrowers who never before received credit from any formal or informal institution. In addition 90.1% of the women borrowers and potential borrowers had no knowledge of any other credit institution that gave credit for IGAs in rural areas but MMF. The above situation indicates that MMF extended its credit facilities to the rural poor, women in particular, who had little access to credit.

Although the MMF credit project was accessed to the rural poor it cannot be viable in its present form. The project has limited geographical coverage, staffing and funding. As a result there are insignificant operations which can not meet the operational and developmental costs.

The efficiency of the project, as seen in this study, was affected by improper recruitment and appointment of staff and Board members respectively, inadequate training of members of staff, poor group formation, long loan application procedures, delayed loan disbursement, poor loan repayment schedules, lack of rewards and punishment just to mention some.

Despite small coverage and inefficient operations, some borrowers and members of the community, where MMF was operating, recognized the importance of MMF credit. Income generated from

businesses was used in uplifting the standard of living in their families, especially families where a female member received the loan. This was evident in case studies 1 and 2 presented in chapter 3.

In attempt to improve the MMF credit delivery services or any similar credit programme, it is recommended that:-

1. Governments of poor countries should have supportive national framework policy which would include providing and securing funding for the programme. Developmental and operational costs which are very high should be provided in form of grants by governments to such rural credit projects. Governments should act as guarantors for the credit projects so that loans can be secured from commercial banks which are reluctant to give loans to the rural credit projects.
2. Credit projects should recruit the right persons in the right jobs. This should be coupled with vigorous practical training. Malawi School Certificate of Education holders (those with 4 years of Secondary education) would be the right people to be the field staff, that is, those in direct contact with borrowers, and diploma holders (those with 3 years of university education) to supervise the field staff.

3. Appointment of Board Members should consider the commitment of the members to the credit programme. Only those members that have enough time to act on the activities of the credit programme should be included in the board.
4. Identification of project areas should be done by project staff together with local leaders by considering the density of the population, availability of the markets and proximity of the project areas to the supervision points.
5. Identification of clients (the rural poor) should involve potential borrowers themselves, members of staff from credit institutions, local leaders and the community at large all together.
6. A large number of borrowers (20 borrowers) should be recruited, trained and confirmed at a time and place.
7. Simplified loan processing and disbursement procedures should be practiced. Decentralized loan processing and disbursement process should be done.
8. Loans should be disbursed only to female borrowers who are economically active and have business knowledge but after proper business assessment. Adequate business training should be given to those who have no business start-up idea.

9. A large number of small loans (average of K300) should be disbursed at a time and place.
10. Borrowers should be given adequate time to do business after loans are disbursed to them by rescheduling loan repayment from weekly to fortnightly or monthly. This would reduce on the cost of loan collection as well.
11. Incentives should be provided to both clients and members of staff who mobilize more savings than others.
12. A high loan repayment rate (>95%) be maintained by instituting strict credit discipline which would include taking wilful defaulters to court.

Ideas and experiences develop overtime, designers of the rural credit delivery systems should be prepared to review the proposals, which lead to setting recommendations, made by borrowers and members of staff of the lending institutions to the systems time and again, and adjust the recommendations to adapt to the situations as they prevail so that the credit programmes function better.

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Appendix i

WOMEN AS POTENTIAL BENEFICIARIES OF THE MALAWI MUDZI FUND: AN EVALUATION OF A PILOT SCHEME FOR THE RURAL POOR

QUESTIONNAIRE ADMINISTERED TO BORROWERS

Name of Enumerator _____
Date of Interview _____

(A) BACKGROUND

1. Name of respondent _____
2. Age _____ Years
3. Sex: (i) Male (ii) Female
4. Village _____
5. Traditional Authority _____
6. District _____
7. Marital Status _____
(i) Married _____
(ii) Single _____
(iii) Divorced _____
(iv) Widowed _____
(v) Separated _____
(vi) Others (specify) _____
8. Highest Educational Qualifications _____

(B) GROUP FORMATION

9. How long have you been living in this locality (in years)? _____
10. (a) Did you ever belong to any credit group before you joined MMF?
(i) Yes (ii) No
If no, go to Question 11
(b) If yes, how was the group formed? _____
11. How did you first learn about Malawi Mudzi Fund?
(i) MMF Workers
(ii) Family/Friends
(iii) Neighbours
(iv) Other Government Officials
(v) Others (specify) _____
12. How many members of the group you belong to now did you know before you joined it?

13. Since you joined the group, has the membership changed?

(i) Yes (ii) No

14. Do you know any members who would like to join MMF credit group?

(i) Yes (ii) No

15. What MMF group formation conditions would you wish to change? _____

16. Give reasons for answer to question 15

Condition

Reasons

(C) GROUP TRAINING

17. Mention any topic that you learnt during training in MMF? _____

18. (a) Do you think the training is necessary?

(i) Yes (ii) No

(b) Give reasons for either of the answers to Question 18 (a) _____

19. What topics would you wish are included during your training? _____

20. What topics would you need excluded during your training? _____

D. CREDIT PROCEDURES

21. (a) Do you know any other credit institutions that gives credit for I.G.A. in this area?

(i) Yes (ii) No

If No, go to Question 22

(b) If yes, explain why you chose to get credit from MMF?

22. How long did it take for you to get loan since formation of your group? _____

23. How long would you prefer to wait? _____

24. How much loan were you given for activity? _____

25. (a) Was the amount adequate for your business?

(i) Yes (ii) No

If Yes, Go to Question 26

(b) If no, Why? _____

26. How much do you think you required? _____

27. How long did you keep the loaned money before using?

IF KEPT FOR MORE THAN 7 DAYS

(b) Explain why? _____

28. (a) Did you use all the loaned money for business?

(i) Yes (ii) No

If Yes, Go to Question 29

(b) If no, what did you use the balance for?

29. When was loan given to you?
(Specify month and year) _____

30. (a) Was the loan given at the right time?

(i) Yes (ii) No

If Yes, Go to Question 31

(b) If No which months of the year would you prefer to get this type of loan?
(Specify months) _____

31. Will you need another loan from MMF in future?

(i) Yes (ii) No

E. BUSINESS ACTIVITIES

32. What business(es) have you done in your life?

33. (a) What business did you start after you received loan?

(b) Explain why you chose this business? _____

34. Where did you get the raw materials for your chosen business?

- (i) Within the village
- (ii) Within the district
- (iii) Outside the district
- (iv) All the above places
- (v) Others (specify) _____

35. What problems would you expect in getting raw materials?

36. Where did you sell your products?

- (i) at home
- (ii) along side the road
- (iii) at district council markets
- (iv) at local weekly markets
- (v) outside the district (specify) _____

37. How do you determine selling price of your products?

- (i) cost/price method
- (ii) available market price
- (iii) price fixed by Government
- (iv) Guess Work based on: Quality of materials
Quantity of materials

38. Does (did) your business generate any profits?

- (i) Yes (ii) No

39. What do (did) you use the money you generated from your business?

<u>Use</u>	<u>Amount M/K</u>
(i) Paying school fees	_____
(ii) Buying Food	_____
(iii) initiation ceremonies	_____
(iv) Repaying loan	_____
(v) Expanding business	_____
(vi) Paying hospital bills	_____
(vii) Others (Specify) _____	_____

40. What problems do you face in your business?

- (i) Lack of raw materials
- (ii) Lack of skills
- (iii) Lack of adequate running capital
- (iv) Too much supply of commodities at market
- (v) Transport expensive
- (vi) Counting money
- (vii) Others (Specify) _____

41. Explain the two biggest problems _____

42. How have you tried to overcome these problems?

43. Do you receive any advice concerning your business?

- (i) Yes (ii) No

If No, Go to Question 46

44. Who assist(ed) you in the running of the business?

- (i) Husband
- (ii) Children
- (iii) Other relatives
- (iv) MMF staff
- (v) Other NGO/Government (specify) _____

45. Is (was) the assistance helpful?

- (i) Yes (ii) No

46. Do you keep records of your business?

- (i) Yes (ii) No

If No, Go to Question 48

47. If Yes, how do you use the records? _____

48. (a) Do you still run your business?

- (i) Yes (ii) No

(b) If Yes, how much would you sell it for _____

(c) If No, why not? _____

49. Have you been involved in casual labour (ganyu) since you got loan from MMF?

(i) Yes (ii) No

If No, Go to Question 50

(b) If yes, how often did(do) you do that during

(i) Dry Season _____/Month

(ii) Wet Season _____/Month

F. SAVINGS

50. Have you ever saved money in the past three years?

(i) Yes (ii) No

If No, Go to Question 51

(b) If Yes, where and how much?

Place

Amount (MK)

(i) In the house

(ii) Post Office Savings

(iii) MMF

(iv) Relatives (specify)

(v) Others (specify)

51. What are the importance of saving money?

(i) For safety

(ii) For future use

(iii) To earn interest

(iv) Others (specify) _____

52. Do you have any problem in saving money with MMF?

(i) Yes

(ii) No

53. What could you suggest to change in MMF savings conditions? _____

G. LOAN REPAYMENT

54. Have you ever got loan from the following:

(i) Agriculture loan

(ii) Money lenders

(iii) Relatives

(iv) Neighbours

(v) Others (Specify) _____

55. How much loan did you get?

Amount

Purpose

<u>Amount</u>	<u>Purpose</u>
_____	_____
_____	_____

56. (a) Did you complete repay any previous loan?

(i) Yes (ii) No

(b) If Yes, what facilitated repayment? _____

(c) If No, why? _____

57. (a) Did(do) you manage to make MMF weekly loan repayment?

(i) Yes (ii) No

(b) Explain either answers to Question 57(a)

58. (a) Have you finished repaying your loan?

(i) Yes (ii) No

If Yes, Go to Question 59

(b) If No, why not? _____

59. (a) Do you have intentions of completing repaying?

(i) Yes (ii) No

(b) If Yes, (i) How? _____
(ii) When? _____

(c) If No, why not? _____

60. What changes can you suggest to be made in MMF loan repayment procedures? _____

61. What sanctions would you suggest to be imposed in MMF to:-

(i) current defaulters _____

(ii) future defaulters _____

62. (a) Do you think MMF gives loan/grant?

(b) Explain either _____

Do you have any comments to make? _____

CODESRIA - LIBRARY

WOMEN AS POTENTIAL BENEFICIARIES OF THE MALAWI MUDZI FUND: An Evaluation of a Pilot Credit Scheme for the Rural poor

QUESTIONNAIRE ADMINISTERED TO WAITING BORROWERS

Name of Enumerator _____

Date of Interview _____

(A) BACKGROUND

1. Name of respondent _____
2. Age _____ Years
3. Sex: (i) Male (ii) Female
4. Village _____
5. Traditional Authority _____
6. District _____
7. Marital Status (i) Married _____
 (ii) Single _____
 (iii) Divorced _____
 (iv) Widowed _____
 (v) Separated _____
 (vi) Others (specify) _____
8. Highest Educational Qualification _____

(B) GROUP FORMATION

9. (a) Did you ever belong to any credit group before you joined MMF?
 (i) Yes (ii) No
 If No Go to Question 10
 If Yes, how were the groups formed?

10. How many members of the group you belong to now did you know before you joined it?

11. Do you know any members who would like to join MMF credit groups?
 (i) Yes (ii) No

12. a. What MMF group formation conditions would you wish to change?

b. Give reasons for answer to Question 12a

Condition

Reasons

(C) GROUP TRAINING

13. Mention any topics that you learnt during training in MMF?

14. (a) Do you think the training is necessary?

(i) Yes

(ii) No

(b) Give reasons for either of the answers to Question 14a?

15. What topics would you wish are included during your training?

16. What topics would you need excluded during your training?

17. (a) Do you know any other credit institutions that gives credit for I.G.A. in this area?

(i) Yes

(ii) No

If No, Go to Question 18

(b) If Yes, Explain why you chose to get credit from MMF?

18. How long have you waited for the loan since formation of your group?

19. Do you have any problem with length of waiting for the loan?

(i) Yes

(ii) No

20. What is maximum time you wish to wait for the loan after your groups is :
- (i) Formed _____
- (ii) Confirmed _____
21. Which period (month) of the year do you think is best to get this type of loan?
- _____
22. Give reasons for answer to Question 21 above:
- _____
23. How much loan do you require for your business?
- _____
24. What conditions for getting MMF credit do you think are fair?
- _____
25. (a) What conditions for getting MMF credit do you think need change?
- _____
- (b) Give reasons for the change

Condition

Reasons

E. BUSINESS ACTIVITIES

26. (a) What business activity will you start with the credit you expect to get?
- _____
- (b) Explain why you choose the particular business?
- _____

27. Where will you get the raw materials?

- (i) Within the village
- (ii) Within the district
- (iii) Outside the district
- (iv) All the above places
- (v) I do not know
- (vi) Others (specify)

28. What problems do you expect in the acquisition of raw materials?

29. Where do you expect to sell your products?

- (i) at home
- (ii) a long side the road
- (iii) at district council markets
- (iv) at local weekly markets
- (v) outside the district (specify) _____
- (vi) other markets (specify) _____
- (vii) I do not know

30. Who do you expect to buy your product?

31. What problems do you expect when selling your products?

32. Do you do any business now?

- (i) Yes
- (ii) No

If No, Go to Question 36.

33. What business are you doing now?

34. How long have you been doing the business?

35. How much money are you getting from your business now?
MK _____/Month

36. a. Are you involved in casual labour (ganyu)?

- (i) Yes
- (ii) No

If No, Go to Question 37.

If Yes, how often do you do that in:

- i. Dry Season _____/Month
- ii. Wet Season _____/Month

F. SAVINGS

37. a. Have you saved money in the past three years?

- (i) Yes
- (ii) No

If No, Go to Question 38

If Yes, where and how much?

Place Amount (MK)

- i. In the house _____
- ii. Post office Savings _____
- iii. MMF _____
- iv. Relatives (specify) _____
- v. Others (specify) _____

38. What are the importance of saving money?

- i. For safety
- ii. for future use
- iii. to earn interest
- iv. others (specify) _____

39. Do you have any problem in saving money with MMF?

- (i) Yes (ii) No

40. What would you suggest to change in MMF savings conditions so as to encourage you to save?

G. LOAN PAYMENT

41. Have you ever got loan from the following?

- i. Agriculture loan
- ii. money lender
- iii. relatives
- iv. neighbours
- v. others specify _____

IF NONE OF THE ABOVE, GO TO QUESTION 44

42. How much loan did you get and for what purpose?

<u>Amount</u>	<u>Purpose</u>
_____	_____
_____	_____
_____	_____
_____	_____

43. a. Did you completely repay any previous loan?

- (i) Yes (ii) No

b. If yes, What facilitated repayment?

c. If No, Why not?

44. Mention MMF loan payment conditions you would wish to be changed?

45. Give suggestions to the changes made?

Condition to change

Suggested changes

46. Do you think MMF gives grant or loan?

b. Explain either of the answers to Question 46

47. Do you have any member of your group or any other group that:

(a) are defaulters?

(i) Yes

(ii) No

(b) may be defaulters very soon?

(i) Yes

(ii) No

48. What sanctions would you suggest against defaulters?

Do you have any comments?

WOMEN AS POTENTIAL BENEFICIARIES OF THE MALAWI MUDZI FUND: An evaluation of a Pilot Credit Scheme for the Rural Poor

QUESTIONNAIRE ADMINISTERED TO NON-PARTICIPANTS IN THE PROJECT

Name of Enumerator _____
Date of Interview _____

(A) BACKGROUND

1. Name of respondent _____
2. Age _____ Years
3. Sex: (i) Male (ii) Female
4. Village _____
5. Traditional Authority _____
6. District _____
7. Marital Status: (i) Married _____
(ii) Single _____
(iii) Divorced _____
(iv) Widowed _____
(v) Separated _____
8. Highest Educational Qualification _____
9. Do you have MMF Credit Scheme in your village?
(i) Yes (ii) No

If No go to Question 12.

10. How did you know about MMF?
(i) At Public meeting _____
(ii) Contact through relatives/neighbours/MMF officials _____
(iii) radio/newspaper _____
(iv) others specify _____
11. Do you have relatives who are in MMF group?
(i) Yes (ii) No
12(a). Do you wish to join MMF Credit Groups?
(i) Yes (ii) No
(b) Give reasons for either answers to Question 12a _____

13. What conditions need to be followed when getting credit from MMF? _____

-
14. Which of the conditions do you think are fair?
-
15. Which of the conditions do you think need change?
-
16. How much loan would you wish to get from MMF?
-
17. Which months of the year would you think is best to get loan from MMF?
-
18. What would you do with the credit?
-
20. How long would you prefer to pay back the loan?
-
21. How would you wish to repay the loan?
- (i) Small weekly instalments?
 - (ii) Fortnightly instalments
 - (iii) Monthly instalments
 - (iv) At the end of loan agreement
 - (v) Others specify _____
22. What happens when one fails to payback someone's money in village?
-
23. What sanctions would you suggest against defaulters of MMF loan?
-
- Do you have any comments to make?
-

WOMEN AS POTENTIAL BENEFICIARIES OF THE MALAWI MUDZI FUND: An Evaluation of a Pilot Credit Scheme for the Rural poor

QUESTIONNAIRE ADMINISTERED TO VILLAGE HEADMAN

Name of Enumerator _____

Date of Interview _____

(A) BACKGROUND

1. Name of respondent _____
2. Age _____ Years
3. Sex: (i) Male (ii) Female
4. Village _____
5. Traditional Authority _____
6. District _____
7. Marital Status (i) Married _____
 (ii) Single _____
 (iii) Divorced _____
 (iv) Widowed _____
 (v) Separated _____
8. Highest Educational Qualification _____

(B) KNOWLEDGE ABOUT MMF

9. Do you have MMF Credit Scheme in your village?
 (i) Yes (ii) No
 10. How did you know about MMF?
 (i) At Public meeting _____
 (ii) Contact through relatives/neighbours/MMF officials _____
 (iii) Radio/newspaper _____
 (iv) Other (sources) Specify _____
 11. (a) Do you welcome the Credit System in your village?
 (i) Yes (ii) No
- If Yes, Go to Question 12
 (b) If no, explain the reason.

(C) INVOLVEMENT IN GROUP FORMATION & TRAINING

12. (a) Have MMF Credit Officials involved you during group formation of your villagers?

(i) Yes (ii) No

If No, Go to Question 13.

(b) If Yes, what are your major roles?

13. (a) Have you encouraged the villagers to join MMF Credit Groups?

(i) Yes (ii) No

(b) Explain either of answers to question 13a?

14. Do you think you have people who would like this type of credit groups in your village?

(i) Yes (ii) No

15. What would you suggest to MMF so that groups formed are trustworthy?

(i) Yes (ii) No

16. Have you been invited to any training session conducted by MMF?

17. (a) Do you think it is important for you to attend the training sessions?

(i) Yes (ii) No

(b) Explain either answers to Question 17a

D. LOAN ACTIVITIES

18. Do you know some people who have received loan from MMF in your village?

(i) Yes (ii) No

19. Do you know any conditions for getting loan from MMF?

(i) Yes (ii) No

20. Have any villagers complained to you about any MMF loan conditions?

(i) Yes (ii) No

21. Mention these conditions and suggested changes proposed by you?

Condition

Suggested changes

22. How much loan would you recommend for I.G.As for women in your village?

23. (a) Which month(s) of the year would you think is best to give this type of loan to women?

(b) Give reasons for your answers to question 23a?

24. Has MMF officials invited you to attend any loan disbursement ceremony?

(i) Yes (ii) No

25. Would you be willing to attend any disbursement meetings?

(i) Yes (ii) No

26. How would you wish women to repay the loan?

- (i) Small weekly instalments
(ii) Fortnightly instalments
(iii) Monthly instalments
(iv) At the end of loan agreement
(v) Others specify _____

E SAVINGS

27. Do you have any institution in your area where people can save money?

(i) Yes (ii) No

28. (a) Do you think it is necessary to save money?

(i) Yes (ii) No

If No, Go to Question 29

(b) If Yes, how would you encourage people to save money with MMF?

29. (a) Have you received any complaints about defaulters of MMF loan?

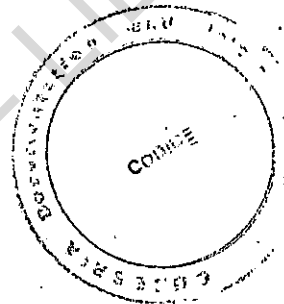
(i) Yes

(ii) No

If No, Go to Question 30
If Yes, what did you do?

30. What sanctions can you suggest against defaulters?

Do you have any comments?



APPENDIX V

MAP OF MALAWI SHOWING REGIONAL AND DISTRICT BOUNDARIES

