

**IMPACT OF MICROFINANCE ON RURAL SMALLHOLDER FARMERS
IN MT. DARWIN DISTRICT OF MASHONALAND CENTRAL PROVINCE
IN ZIMBABWE: A CASE OF FACHIG TRUST**

by

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DECLARATION

I declare that the mini-dissertation hereby submitted to the University of Limpopo, for the degree of Masters' of Development has not previously been submitted by me for a degree at this or any other university; that it is my work in design and in execution, and that all material contained herein has been duly acknowledged.

Choga J. (Mr) 23 May 2013

DEDICATION

This research is dedicated to my entire family.

ABSTRACT

Rural areas of Zimbabwe suffered acute shortage of banking services. Conventional banks feared high transaction costs and lack of collateral associated with this market segment. This research aimed at evaluating impact of microfinance on rural farming sector. Finding out the general banking and microfinance situation, appraising scheme impact and making recommendations were the research's objectives. A descriptive research design was used. A population of 3,400 members constituting 289 Investment Groups (IGs) was used. Quota and purposive sampling were used to select 20 IGs and 154 individual respondents. Sample survey, Focus Group Discussions (FGD) and Key Informant Interviews (KII) were data collection methods. The survey findings showed that the five Department For International Development's (DFID's) Sustainable Livelihoods Approach (SLA) asset bases increased more for the treatment than the control groups, signifying microfinance impact. Wealth ranking, meant to triangulate survey results, depicted upward mobility of groups; old ones transcending to rich categories while the new moved into top poor rank, also demonstrating impact. Further, scheme achieved women empowerment basing on their numerical predominance and improved self-confidence, signifying impact. The study recommends that Farmers' Association of Community self-Help Investment Groups (FACHIG) resuscitated its savings component using the Self-Help Group (SHG) thrift approach to ensure scheme sustainability. In addition, climate change, a phenomenon which increased droughts, could have dampened impact. However, the research did not delve into this area, compelling a future study.

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ACRONYMS

ADB	Asian Development Bank
AFC	Agricultural Finance Corporation
AIMS	Assessing Impact of Microenterprise Services
ANLA	Annual Needs and Livelihoods Assessment
CIA	Central Intelligence Agency
CGAP	Consultative Group to Assist the Poorest
CHIG	Community self-Help Investment Groups
CSO	Central Statistical Office
DFID	Department For International Development
ESAP	Economic Structural Adjustment Programme
FACHIG	Farmers' Association of Community self-Help Investment Groups
FGD	Focus Group Discussion
FSCU	FACHIG Savings and Credit Union
FTLRP	Fast Track Land Reform Programme
GDP	Gross Domestic Product
GoZ	Government of Zimbabwe
IA	Impact Assessment
IG	Investment Group
IGP	Income Generating Project
IMF	International Monetary Fund
KII	Key Informant Interview
MC	Management Committee
MDG	Millennium Development Goals
MFI	Microfinance Institution
MSME&CD	Ministry of Small and Medium Enterprises and Cooperative Development
MPSLSW	Ministry of Public Service, Labour and Social Welfare
NGO	Non Governmental Organization
OECD	Organization for Economic Cooperation and Development
PLA	Participatory Learning and Action

PRA	Participatory Rural Appraisal
RBZ	Reserve Bank of Zimbabwe
ROSCA	Rotating Savings and Credit Association
SACCO	Savings and Credit Cooperative
SADC	Southern Africa Development Community
SEEP	Small Enterprise Education and Promotion
SLA	Sustainable Livelihoods Approach
SPSS	Scientific Programme for Social Sciences
TCPL	Total Consumption Poverty Line
UN	United Nations
USAID	United States Agency for International Development
WB	World Bank
WFP	World Food Programme
WDSCU	Women's Development Savings and Credit Union
ZAMFI	Zimbabwe Association of Microfinance Institutions

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CHAPTER 1 INTRODUCTION

1.1 Background and Context

Mashonaland Central, one of the nine rural provinces in Zimbabwe, has proved to be impenetrable to the formal banking sector. Its population of close to one million people has largely remained virgin to formal financial services owing to banks being thin on the ground (Reserve Bank of Zimbabwe (RBZ, 2007). In formal banking parlance rural communities are commonly referred to as “unbankable”, which denotes their unattractiveness as a formal financial market of commercial banks for savings, credit, money transmission and insurance services (W. K. Kellogg Foundation, 2002; Nigrini, 2001).

Realising the yawning gap of financial services in rural Zimbabwe, Farmers' Association of Community self-Help Investment Groups (FACHIG) Trust modelled its livelihoods programme to embrace microfinance as a key poverty alleviation strategy. To this end, FACHIG sought a registration as a savings and credit cooperative (SACCO) union under the Government of Zimbabwe (GoZ) Co-operative Societies Act Chapter 24:05, which status permits it to undertake financial intermediation.

The districts hosting the FACHIG programme are Guruve, Centenary, Mt. Darwin and Rushinga. Characteristically, all the four districts are remote, sharing international boundaries with Zambia to the north and Mozambique to the north-east. The districts have got a combined population of 560,251 against a provincial total of 995,427 (Zimbabwe 2002 Census). According to the same census, an average 96.77% of the four districts' population live in rural areas as compared to the provincial average of 89.67%, reinforcing the peripheral nature of the districts. However, there is a likelihood that the figures have significantly increased as the census results were published more than eight years ago and hence could be outdated.

The poverty incidence in Zimbabwe, as measured by the Total Consumption Poverty Line (TCPL), increased from 42% in 1995 to 63% in 2003 (Ministry of

Public Service, Labour and Social Welfare (MPSLSW, 2006). However, TCPL of Mashonaland Central province stood at 51%, twelve percentage points below the national's 63% (MPSLSW, 2006). The mainstay of the rural economy in Zimbabwe is agriculture, which contributes the largest proportion to the country's GDP and accounts for the livelihoods of nearly 70% of the population (Government of Zimbabwe (GoZ, 2007). Notwithstanding its central role, smallholder agriculture is still largely underdeveloped, with the peasantry still practising subsistence farming on a wide scale. Over-reliance on rain-fed agriculture exposes the rural farmers to the adverse effects of climate change (droughts and floods), which negatively impact on their productivity (MPSLSW, 2006). However, Mashonaland Central province has a generally more favourable rainfall pattern which relatively increases its agricultural productivity and hence the low TCPL rating achieved.

Zimbabwe got embroiled in a controversial land reform programme in 2000, in which people from rural areas led by veterans of the independence war, forcibly occupied white large-scale commercial farms (MPSLSW, 2006; Moyo in Rukuni et al 2006). Western governments and donors and other multilateral funders like the International Monetary Fund [IMF] and World Bank [WB], reacted to what they saw as illegal land seizures by withdrawing support, leading to unstable macro-economic environment. This sent inflation spiralling to unprecedented levels peaking at 231million per cent in October 2008, prompting government to put a ban on official publication of such statistics (Murisa, 2010; Central Statistical Office (CSO, 2008).

1.2 Statement of the Problem

A major problem which confronts smallholder farmers in Mashonaland Central province is the lack of access to diverse and affordable range of financial services to support their agricultural activities. Prior to independence in 1980 there was no financial institution which extended credit to smallholder farmers. Instead, a special parastatal bank, Agricultural Finance Corporation (AFC), was set up in 1971 to exclusively cater for the credit needs of a privileged class of white large-scale commercial farmers at subsidized interest rates

(Atkine and Thirtle 1995 in Zepeda 2001; Mukandawire and Bourenane 1987 in Musuna and Muchapondwa 2008).

Before 1980 smallholder farmers had no access to financial services other than transacting deposits and withdrawals, with the commercial banks having explicit barriers to credit for the sector. In such a financial architecture rural areas are used as a ground for mobilizing savings with the express intention of channelling them to the urban population considered bankable as it wields appropriate collateral in the form of title deeds and regular salaries. The rural-urban capital flight has the residual effect of enriching urban dwellers at the expense of smallholder farmers (Chimedza in Rukuni et al 2006; Musuna and Muchapondwa 2008).

The dawn of independence in 1980 saw the new government promulgating the Growth with Equity Policy Statement in 1981, directing inclusivity and equity in the delivery of services to all citizens. The same policy identified credit as one of the key imperatives for stimulating development of smallholder agriculture in the country, setting the stage for a favourable policy environment for the rural sector (Government of Zimbabwe (GoZ, 1981; Zepeda 2001).

In pursuance of Growth with Equity policy thrust, AFC was given a directive to scrap its discriminatory practices of excluding blacks, paving the way for the disbursement of the first ever batch of loans to the smallholder farmers in the 1980/81 agricultural season, issuing 18,000 loans worth ZW\$4.8million. The number of loans quadrupled to their peak by 1986. However, the facility came to an abrupt end in 1999 when the AFC underwent commercialization of its operations in line with the new WB- and IMF-backed Economic Structural Adjustment Programme (ESAP), initiated in 1990 for a ten-year period. The transformation of AFC into a commercial bank marked the closure of the only window to institutionalized credit for the smallholder sector (Chimedza in Rukuni et al 2006; Musuna and Muchapondwa 2008; Eicher and Rukuni 1990 in Zepeda 2001; Zumbika in Rukuni et al 2006; Zepeda 2001).

Realizing the financing gap created in the smallholder farming sector by the demise of AFC, FACHIG integrated microfinance as the vehicle for delivering its livelihoods programme. This was in the form of a Savings and Credit Cooperative (SACCO). The SACCO status enables FACHIG to mobilize savings from, and issue loans to its members. These services come with technical support to equip farmers with the requisite knowledge and skills to manage their investments. To bolster its loan portfolio, FACHIG created a revolving fund which is used to underwrite loans under an arrangement with a commercial bank. In that way FACHIG has managed to break the myth commonly held by commercial banks of viewing lending to the smallholder farmers as a typically risky proposition due to lack of appropriate collateral griping that sector (Government of Zimbabwe (GoZ 1996; Chimedza in Rukuni et al 2006; Rai 2004; Yunus 2009; Farmers Association of Community self-Help Investment Groups (FACHIG, 2002).

For the past ten years smallholder farmers in the FACHIG programme have been receiving the stated financial services and technical support from FACHIG SACCO Union. It appears the effect of microfinance activities has been mixed, with some farmers showing improvements in their livelihoods yet others seem to stagnate in their original situations of impoverishment. Farmers Association of Community self-Help Investment Groups (FACHIG, 2007 and 2008) allude to differences in levels of production among the farmers despite the fact that they all received the same level of support over the years. This means that the financial services impacted differently on the farmers.

Thus the researcher is interested in carrying out a thorough assessment which will determine in more precise terms the impact of FACHIG microfinance interventions on smallholder farmers.

1.3 Aim of the Study

The aim of the research was to evaluate the impact of microfinance in the smallholder farming sector in one district (Mt. Darwin) of Mashonaland Central

province. It was also intended to make some recommendations about the best alternatives of delivering sustainable microfinance to the smallholder farmers.

1.4 Research Objectives

The following were the research objectives aligned to the aim of the study:

- 1.4.1 To identify the microfinance institutions which operated in the province and the types of services which they provided?
- 1.4.2 To determine the nature, levels and adequacy of microfinance services which were being extended to smallholder farmers in the province.
- 1.4.3 To assess the impact of microfinance on the smallholder farmers.
- 1.4.4 To make appropriate policy and strategic recommendations based on the findings of the research.

1.5 Research questions

- 1.5.1 Which banks have a presence in Mashonaland Central province?
Which microfinance institutions have a presence in Mashonaland Central province?
- 1.5.2 What services are offered by banks and microfinance institutions in Mashonaland Central province? At what levels are the services offered? Are the services satisfying the needs of the rural clients?
- 1.5.3 Is the FACHIG microfinance scheme accessible to vulnerable groups in society, in particular, women? Does the scheme pay special attention to such groups?

- 1.5.4 Is there any noted expansion in natural capital of participants of FACHIG microfinance scheme?
- 1.5.5 Is there any noted expansion in physical capital of the participants of the FACHIG microfinance scheme?
- 1.5.6 Is there any noted expansion in financial capital of the participants of the FACHIG microfinance scheme?
- 1.5.7 Is there any noted expansion in human capital of the participants of the FACHIG microfinance scheme?
- 1.5.8 Is there any noted expansion in social capital of the participants of the FACHIG microfinance scheme?
- 1.5.9 Is there any noted upward poverty mobility of the participants of the FACHIG microfinance scheme?
- 1.5.10 How far is FACHIG from international best practice? What lessons can FACHIG learn from other practising or failed microfinance institutions to improve its operations?

1.6 Significance of the Study

The study will be useful in various ways to different users as listed below;

a) The study will deepen FACHIG's conceptual and practical interpretation of microfinance which will aid the organization to formulate and deliver superior microfinance services to its clients, the smallholder farmers.

b) The study is the first one of its kind in FACHIG and will provide empirical evidence to donors and other stakeholders to gain insights into the organization's microfinance activities. The study can possibly form the basis

for FACHIG to forge some working relationships with other organizations in the area of microfinance.

1.7 Operational Definitions

This section helps to clarify the meaning of terminology used in the research for the benefit of a diverse range of users. The following terms used in the text are defined:

1.7.1 Microfinance

CGAP defines microfinance as “...financial services for poor and low income clients”.

1.7.2 Impact Assessment

CGAP’s Barnes and Sebstad (2000) defines an impact assessment (IA) as “a study to identify changes that result from a program by employing methods to establish plausible association between changes experienced and participation in the program”.

1.7.3 Smallholder farmer

A peasant farmer occupying communal land in rural areas for agricultural purposes which land the farmer has got no title deeds and vests in the President of the Republic of Zimbabwe (Rural District Councils Act).

1.7.4 Subsistence farming

Musuna and Muchapondwa (2008) describe subsistence farming as “...producing mainly for family consumption and local markets...”

1.7.5 Sustainability

Gonzalez-Vega et al (1996) defines sustainability as follows; “A viable microfinance organization generates enough revenue over time to cover the costs of all factors of production and funds under its command, while being able at all points in time to honour the contractual obligations implied by its liabilities”.

1.7.6 Solidarity groups

Churchill (2005) defines a solidarity group as “...borrower groups of 3 to 10 people who already know each other, trust each other, and are willing to guarantee each other’s loans”.

1.7.7 Loan-size creep

Gonzalez-Vega et al. (1996) describes loan-size creep as “growth via larger loans to wealthier clients, rather than growth via larger numbers of target customers”.

1.7.8 Rotating savings and credit associations (ROSCA)

Chimedza in Rukuni et al (2006) describes ROSCA as a financial facility whereby “Members are required to deposit agreed amounts at regular intervals for disbursement to individuals on a rotational basis” and “they often operate autonomously and do not necessarily register or affiliate themselves with a central body”.

1.7.9 Triangulation

Risjord et al (2001) define triangulation as “...the use of two or more different kinds of methods in a single line of inquiry”.

1.7.10 Livelihood

DFID, (1999-2005) in Benson et al., (2007) defines livelihood as follows; “A livelihood comprises the capabilities, assets and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets now and in the future”.

1.7.11 Wealth ranking

Grandin, (1988) in Franzel et al. (2003) defines wealth ranking as “A participatory research method, in which community members define wealth criteria and classify themselves according to the criteria”

1.7.12 Lifecycle needs/events

According to Matin et al (2002) these were needs that could be anticipated though the timing could not accurately be predicted and included childbirth, education, marriage, home-building, old age, funeral expenses, festivals etc

1.7.13 Fungibility

Hulme (2000) talks of fungibility as the leakage that occurs between intended loan use and actual loan use and its effect on impact.

1.8 Summary

This chapter introduces the interested parties to the whole research document by, on the one hand, discussing the following sections and subsections; background of the study, statement of the problem, aim and objectives of the research as well as the significance of the study. Also research questions have been highlighted which determine the nature of information to be collected, analysed and presented. Finally, definitions have been given to

augment clarity of some terminology commonly applied in the field of microfinance. On the other hand, the remaining chapters are outlined as follows: Chapter 2 will discuss literature review which is a presentation of the relevant work done by other individuals pertaining to the area of study. Chapter 3, which is research methodology, indicates how the data of the research will be collected. Chapter 4 highlights the presentation and analysis of data. Finally, chapter 5 shows the summary, conclusions and recommendations made by the researcher based on the available information.

CHAPTER 2 LITERATURE REVIEW

2.1 Introduction

The literature review presents a situation analysis with regard to the smallholder farmers in the area under study. It provides a historical background on the financial challenges the farmers have faced over time and the emergence of microfinance in response to their plight. The chapter also discusses the theoretical framework in relationship with the performance of smallholder agriculture in response to external interventions such as access to microfinance resources. Evidence is reviewed from Zimbabwe and other countries with regard to mechanisms on how microfinance impacts smallholder farmers. The review highlights the indicators of impact which have been used in empirical studies. These are useful for the design of the research methodology which is presented in chapter 3.

2.2.0 Situation Analysis

The researcher delves into the current banking situation in the rural areas of Zimbabwe in comparison to the urban setup. The idea is to determine how favourable or hostile the rural areas are to the banking sector.

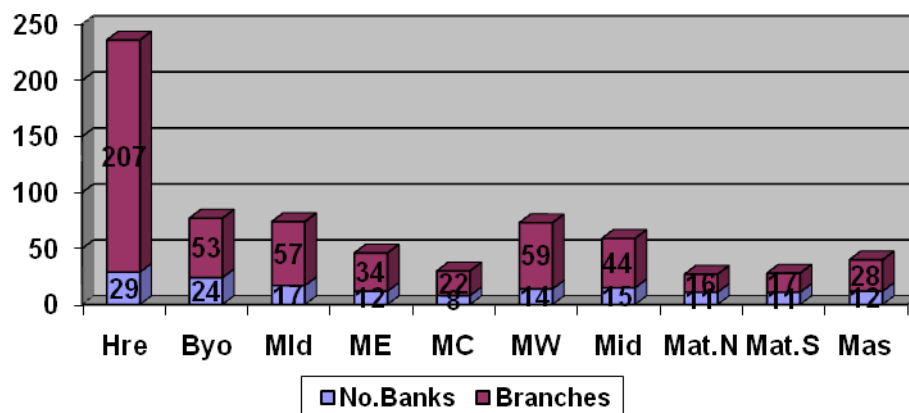
2.2.1 The current banking situation in rural areas

Mashonaland Central Province has the lowest TCPL of 51% compared to the other rural provinces of Zimbabwe at 63%. The major economic activity in the rural areas of Mashonaland Central, as in other rural areas of Zimbabwe, is agriculture, largely carried out at subsistence level. The smallholder sector is failing to make a breakthrough into commercial agriculture due to severe undercapitalization of operations as banks, which are normally engines for driving economic growth, are not forthcoming to establish branches in rural areas (Ministry of Public Service, Labour and Social Welfare (MPSLSW), 2006; Musuna and Muchapondwa 2008).

2.2.2 Distribution of banks in Zimbabwe by province and spatial location

According to Chimedza in Rukuni et al (2006); Musuna and Muchapondwa (2008) all building societies combined had only 16.5 per cent of their outlets located in rural areas where the majority 70 per cent of the population resides, and is thirst for financial services. This kind of a situation is not peculiar to Zimbabwe alone as similar setups exist in other developing countries, particularly in Africa (Consultative Group for the Assistance of the Poor (CGAP) 2005; Coetzee, 1998).

In spite of its relatively better TCPL compared to other rural provinces, Mashonaland Central is ironically the least banked province with only eight banks mainly concentrated in Bindura, a provincial town, and other smaller urban centres (Reserve Bank of Zimbabwe (RBZ, 2007). Figure 1 below illustrates the appalling situation of banking services in Mashonaland Central:



Key: Hre (Harare), Byo (Bulawayo), Mld (Manicaland), ME (Mashonaland East), MC (Mashonaland Central), MW (Mashonaland West), Mid (Midlands), Mat. N (Matebeleland North), Mat S (Matebeleland South) and Mas (Masvingo) Provinces

Figure 2.1: Banks and Branch Distribution per Province

Source: RBZ (2007) (adapted)

2.2.3 Impediments to rural penetration by financial institutions

Further, Umara (2010) Asia Development Bank (ADB (2009); Strauss Commission 1996a in Coetzee (1998); Consultative Group to Assist the Poor

(CGAP, 2005) cite high volume and low value transactions as the biggest impediment for banks to set up branches in rural areas. This was exacerbated by poor or non-existent infrastructure such as roads, energy and communication networks. Of concern to the banks also was that rural clients live in widely scattered locations which make it costly for them to commute to and from the bank outlet in sufficient numbers that can build up the necessary critical mass for an institution to operate viably.

Commercial banks view smallholder agriculture as a high-risk activity (Khandker, 2001) due to unpredictable weather pattern (Ministry of Public Service, Labour and Social Welfare (MPSLSW, 2006). Compounding this is lack of infrastructure like irrigation schemes which makes agriculture highly susceptible to vagaries of weather such as the drought of 1991/92 which hit the whole of Southern Africa and caused significant declines in agricultural production, sending ripple effects throughout the economies. Thus banks shy away from the rural market as the agriculture-based economy is fragile due to its over-reliance on undeveloped dry-land farming systems (Zepeda, 2008).

2.2.3.1 Dualism in land tenure

Compounding the natural climatic phenomena are colonial governments' unequal policies which favoured investment in the white large-scale commercial agricultural sector at the expense of the smallholder one. The skewed colonial policies created a dualism in landholding between the white large-scale commercial farming sector and the smallholder farming system. The dualism manifests in the former sector holding land on title and having a well-developed infrastructural base. In contrast, the latter has communal tenure bereft of title deeds and by far lagging behind in infrastructural development, especially in critical areas such as irrigation systems. Without land title, smallholder farmers are only left with livestock and crops as pledges for security, which unfortunately banks do not recognise as constituting proper collateral (Zepeda, 2001; Musuna and Muchapondwa, 2008; Owusu-Frimpong, 2007).

2.2.3.2 Sub-optimality of the smallholder farms

The FACHIG scheme's goal was food security and income generation through agricultural projects and allied micro enterprises (Farmers' Association of Community self-Help Investment Groups (FACHIG Project Document, 2006). Being an agricultural-based scheme land was of the essence as it determined its success or failure.

The centrality of land in the economic life of Zimbabwe cannot be overemphasised. It shaped the political and economic policies of both pre- and post-independence governments of Zimbabwe. The colonial administrations denied blacks (population, 700000 households) private ownership of land, confining them to a communal system of cramped native reserves occupying 16.4million hectares in marginal areas. On the other hand a handful of whites (population, 6000 households), occupied 15.5million hectares of the prime agricultural land on title (Chitsike, 2003).

The British-brokered Lancaster House Agreement constitution for Zimbabwe's independence in 1980, entrenched the bifurcated land ownership system for the first 10 years of independence. The constitution provided for a market-based land reform programme, executed on a willing-seller willing-buyer principle. As a result, only a few farms were offered for sale, severely constraining efforts of government to fulfil its mandate of redistributing land. Gradually, unfulfilled expectations of blacks turned land into a highly emotive issue (Sims, 2011; Fowale, 2009)

The black people's growing impatience for redress manifested in sporadic land invasions of the 1990s, culminating in the violent Fast Track Land Reform Programme (FTLRP) of 2000. On its part the GoZ, constantly frustrated by the new British Labour government, passed a record three amendments to the constitution related to the land issue between 1990 and 2005, to no avail. The last amendment 17 of 2005 ousted jurisdiction of courts on matters concerning land, effectively silencing white commercial farmers

(Magaisa, 2009; Unknown Author, Undated; Zimbabwe Lawyers for Human Rights (ZLHR, Undated).

Having been shut out of the domestic legal route, white commercial farmers took the issue to the SADC Tribunal which ruled in their favour. However, no mechanisms were available for enforcing the ruling, prompting the farmers to approach the South African courts which found themselves mired in international norms of diplomatic immunity in their vain attempt to attach GoZ property in that country as compensation to the white farmers (Human Rights Watch, (Undated; Nhlapho and Gumbo, 2011; Mabuza, 2011).

Meanwhile the FTLRP surged ahead, reallocating a total of 7.6million hectares of white large-scale commercial farming land to blacks. This resulted in a radical reconfiguration of the country’s agrarian structure as in Table 2.1;

TABLE 2.1: Changes in the National Distribution of Land, 1980-2010

Land category	1980	2000	2010
	Area (million ha)	Area (million ha)	Area (million ha)
Communal areas	16.4	16.4	16.4
Old resettlement	0.0	3.5	3.5
New resettlement: A1	0.0	0.0	4.1
: A2	0.0	0.0	3.5
Small-scale comm. Farms	1.4	1.4	1.4
Large-scale comm. Farms	15.5	11.7	3.4
State farms	0.5	0.7	0.7
Urban land	0.2	0.3	0.3
National parks and forests	5.1	5.1	5.1
Unallocated land	0.0	0.0	0.7
Total	39.1	39.1	39.1

Source: The Zimbabwean (19/10/2010)

The controversies regarding the land issue outlined above underline the importance of natural resources, particularly land, in building livelihoods in rural milieus. Chamunorwa, (2010) and IRIN, (2008) find that the average arable plot size for Zimbabwe’s communal farmers was 2 hectares and grazing occurs as a communal resource. Apparently, the farms were suboptimal in size to permit the most basic agronomic practices necessary for

commercializing agriculture like crop rotation and fallowing, costless and natural methods for restoring soil fertility. Compounding this was the fact that smallholder farmers were largely confined to low potential areas of the country. These factors condemned communal areas to perpetual subsistence production system, fuelling the outcry for land redistribution (Chitsike, 2003).

2.2.3.2.1 The gender dimension to the land issue

The land situation is even direr for women in Zimbabwe who under customary law face a myriad of dispossessions of critical assets. Zimbabwe's society is a patriarchy which gives men predominance over both community and family issues, with women coming under men's subjugation. The system confers decision making power on men in whose name all productive resources of the family are registered, leaving women to play the second fiddle. Under this system, women have secondary rights to land, only gaining access to it through marriage. The rights fall away upon divorce, separation or death of the husband as patrilineal and patrilocal (male side) rules govern in such circumstances (Villarreal, 2006; Arisunta, 2010; Mbire, 2010; Sultan and Hasan 2010).

The Fast Track Land Reform Programme (FTLRP) of 2000, in theory, espoused equal rights to land between men and women. However, according to Goebel (2005) in Bhatasara (2011) the results of FTLRP reveal that less than 20% of the 300000 beneficiaries of FTLRP are women. The wide disparities between women and men who benefited under FTLRP are ample testimony to the fact that the programme reinforced rather than reduced gender-based discrimination in Zimbabwean society. These factors drastically limit women's capability to participate in financial markets.

Patriarchy also affects gender division of labour whereby women contribute disproportionately high levels of unpaid labour in both agriculture and domestic work (Tsikata 2009). The same author observes that women on average spend 4 hours a day on reproductive work compared to men's less than 1 hour. On agriculture, women provide 70% of non-wage labour,

accounting for between 60% and 80% of food production for the household. With larger proportion of labour being unremunerated, women are rendered poor and vulnerable, lowering their capacity to participate in financial markets (Paradza, 2001; Agarwal, 2003; Costa, 2010).

Although laws like the Legal Age of Majority Act exist, they are overridden by customary law, particularly in cases of inheritance of property, including land. The courts have lent credence to this by ruling against women in inheritance cases, awarding heirship to younger brothers (Villarreal, 2006).

FACHIG made a strategic decision to use microfinance as the vehicle for delivering its livelihoods programme to the financial services-starved rural households of Mashonaland Central province. It was therefore the intention of the researcher to assess the impact of the microfinance strategy on the livelihoods of smallholder farmers.

2.3.0 Theoretical Framework

The theoretical framework assists readers to understand the meaning of microfinance and how, as an economic concept, it has evolved to its present form over the years. In defining microfinance the services it offers are also identified together with their nature and mode of delivery. Also under this sub head microfinance international best practice is examined with the view of benchmarking findings of the current study to it.

2.3.1 Defining microfinance

FACHIG identified microfinance as a vehicle for providing financial services to the smallholder farmers to stimulate investment in their agricultural activities. This was in keeping with the concept of microfinance, which according to Schubert (2004) involves extending small loans to the poor to start or boost their microenterprises with the view of accumulating assets and ultimately exiting out of poverty. This resonates with Asia Development Bank's (ADB, 2000) assertion that microfinance services were availed to the poor and low-

income segments of the population and their micro-enterprises, which otherwise suffer exclusion from formal financial systems.

Asia Development Bank (ADB, 2000) in Swain et al (2008) extends the concept of microfinance to encompass a broader range of financial services besides micro loans which includes deposits, savings, payment services, money transfers and insurance. However, in the Zimbabwean context there are limiting factors in the application of some of the services in rural areas as enabling infrastructure, like energy transmission, is still lacking. At the same time giant strides are taking place in the area of information communication technology (ICT) to relieve some of the operational challenges of MFIs in rural areas. For instance, money transfers can now be effected via mobile phones which creates new opportunities for MFIs to become the registered cash dispensing points for this service on commission, taking advantage of their proximity to clients.

2.3.2 Microfinance's developmental thrust

Swain et al (2008); Schubert (2004); Krantz (2001) further assert that the poor, through microfinance interventions, are able to invest in income-generating projects (IGP) which lead to the accumulation of the five asset bases; social capital, human capital, financial capital, natural capital and physical capital, thereby alleviating poverty. Organization for Economic Cooperation and Development (OECD 1996) in Hartungi (2007) also acknowledges the developmental thrust of microfinance when it describes MFI as "...an effective development agent..." which "...alleviates poverty...". Several other writers in the field, including McCarter (2006); Schubert (2004); Al-Hamad (2008); Prior and Argandona (2009); Dieckmann (2007), add their voices to the proposition that microfinance is a tool for alleviating poverty. To this end, microfinance is, among other developmental strategies, a force to reckon with in alleviating poverty.

The United Nations (UN), realising the importance of microfinance in furthering development, passed resolution 52/194 of 1997, pledging

unequivocal support for microfinance initiatives worldwide as tools for fighting poverty. The recognition by UN spurred the expansion in the number of clients receiving micro loans worldwide which jumped from twenty-five million to ninety-two million in a short period of less than three years from 2003 to 2005. Thus there has been wide adoption of microfinance worldwide as a potent weapon in the fight against poverty (Micro-credit Summit, 2003; McCarter, 2006).

2.3.3 Evolution of microfinance

Microfinance, in its present form of a full-fledged financial intermediary, only came into being in the late 1970s, pioneered by the Grameen Bank of Bangladesh in 1976. Up to the time that Grameen was launched, MFIs were operating purely as micro-credit institutions, focusing only on granting small loans to the poor without taking deposits. MFIs began deposit taking as an integral part of their financial services in the 1970s, allowing them leverage to expand their loan portfolio using savings as a form of collateral security. For the first time financial intermediation began to take root by which deposits were invested with borrowers at a profit, marking inception of the era of microfinance (Yunus, 2009; Schubert, 2004; Khandakar and Constantine, 2004; Mwenda and Muuka, 2004; McCarter, 2006; Dieckmann, 2007).

The introduction of savings had a huge impact on the gearing of MFIs which could now internally mobilize a sizeable proportion of loanable funds. Thus savings firmly placed MFIs on a path to sustainability, gradually diminishing their dependence on external NGO and government subsidies which, for decades, had driven the micro-credit movement. The concept of financial intermediation, as applied to the poor, is what is called microfinance (Schubert, 2004; Khandakar and Constantine, 2004; Gonzalez and Meyer, 2009; Hartung, 2007; Dieckmann, 2007).

Microfinance, as a concept evolving in the 1970s, added the profit dimension to the financial markets for the poor. In the preceding era of micro-credit these markets had operated on a purely altruistic paradigm, characterised by

subsidised credit, provided via donor and government funds. The shift to profitability, and hence sustainability, brought with it some strong fears of exposure of the microfinance markets to a phenomenon known as loan-size creep (larger loans to fewer wealthier borrowers). Loan-size creep goes against the grain of the founding tenet of microfinance, which is to achieve a decent financial return while at the same time maintaining a reasonable level of charity, particularly in setting interest rates so as not to exclude the poorest of the poor (McCarter, 2006; Khandakar and Constantine, 2004; Hartungi, 2007; Dieckmann, 2007; Gonzalez-Vega et al, 2007).

Prior to the 1950s, before NGOs and governments took an unprecedented stand to intervene with micro-credit, the poor solely depended on informal credit, which included reciprocal lending (borrowing from a friend or relative), savings clubs, pawn brokering, rotating savings and credit associations (ROSCA), etc, to smooth income shocks. As for Zimbabwe this situation continued into the 1990s where in 1994 the country was rated as having the largest number of savings clubs in existence compared to any other country in Africa (Churchill and Frankiewicz, 2005; Foster, 2005; Schreiner, 2000; Owusu-Frimpong, 2007; Chimedza in Rukuni et al, 2006).

2.3.4 Regulatory framework for the microfinance subsector

However, there is need for reining in the activities of the moneylenders who normally charge predatory interest rates to the detriment of the poor (Schreiner, 2000; Khandakar and Constantine, 2004). In view of the unscrupulous conduct of illegal moneylenders, governments took steps to outlaw activities of informal credit agencies by passing various forms of anti-usury laws (Khandakar and Constantine, 2004).

In Zimbabwe, informal lending is controlled by the Moneylending and Rates of Interest Act Chapter 14:14. The Act, besides criminalising lending activities by unlicensed dealers also provides for the registration of all money-lending institutions as well as making them subject to the prudential supervision of the Central Bank. Further, the Act empowers the Central Bank to put interest caps

on loans as well as setting statutory reserves for the moneylenders. This is meant to protect borrowers from the arbitrary behaviour of the moneylenders, safeguarding the borrowing public.

2.3.5 Financing gap in the microfinance subsector

It is, however, a notable fact that informal lending activities have remained resilient in the face of meticulous regulatory framework. This shows that the financial markets for the poor are still largely unsatisfied, especially considering the discriminatory behaviour of formal financial markets (Schreiner, 2000; Khandakar and Constantine, 2004). This is corroborated by Dieckmann (2007) who asserts that there exists a “funding gap of roughly USD250billion worldwide” in the non-conventional financial markets.

In Zimbabwe, like is the case in the developing world, the demand for credit far outstrips supply in the smallholder farming sector. The only financial institution operating smallholder credit had to resort to some sort of credit rationing in the face of disproportionately high demand (see section 2.4). Even at the peak of its operations in 1986, only 10 per cent of smallholder farmers were able to access loans from the financial institution.

Such a scenario spurs the operations of informal financial markets, which according to Chimedza in Rukuni et al (2006: 331), still enjoy unprecedented popularity that lies in their “...flexibility, rapidity and ease of informal transactions...”. Informal credit becomes even more relevant in view of the heterogeneous needs of the rural people, considering that most of them are illiterate and hence prefer customised services. Lengthy paper trail, shrouded in technical language and legalese, does not only serve to confound the smallholder farmers but worse even demean their dignity.

2.3.6 Microfinance international best practice and lessons learnt

International best practice is defined by ISBER (2009) as “A management idea which asserts that there is a technique, method, process or activity that is

more effective at delivering a particular outcome than any other technique, method, process or activity” The definition implied that such technique, method, process or activity has stood the test of time and can offer guidance for improvement by an individual or organization that wanted to implement similar technique, method, process or activity. The following are the most prominent best practices in microfinance;

2.3.6.1 The institutional sustainability-outreach model

The distinctive feature of microfinance vis-a-vis conventional banking is the former’s emphasis on the double bottom line of profit and altruism and the latter’s sole preoccupation with the profit motive (McCarter, 2006; Khandakar and Constantine, 2004). A careful mix of the profit and social motives in microfinance has of late assumed international best practice proportions.

Instead of the traditional view that the two motives were mutually exclusive current microfinance discourse finds that they are in fact complementary. It has been proven that increased investment in microfinance activities generates the profit that can be applied to expand outreach. On the other hand, increased outreach creates and builds a wide client base whose small transactions by volume can ultimately contribute immensely to profitability (Gallardo, 2001; Micro-Credit Ratings International Limited (M-CRIL, 2002). Best practice in the financial-social intermediation dichotomy (Gallardo, 2001) or the commercial-development dichotomy (Micro-Credit Ratings International Limited (M-CRIL, 2002) or more commonly the institutional sustainability-outreach model has been aptly demonstrated as follows;

- a) BancoSol PRODEM, Bolivia increased its active loan accounts from 14,3000 to 80,000 and 50,000 savings accounts in a short space of seven years,
- b) Bank Rakyat Indonesia (BRI) unit desa (village banks) has more than 2million active loan accounts and 12million depositors

- c) Centre for Agriculture and Rural Development (CARD), Phillipines, moved its client base of women from 23,000 to more than 40,000 borrowers and savers in four years (Gallardo, 2001).

2.3.6.2 Transformation from micro-credit to microfinance

Traditionally, financing to the poor was taken to mean dishing out small loans to the poor and their microenterprises. As such the micro-credit movement was driven by free government grants and official development assistance (ODA) of donor NGOs. The 1970s marked a turning point in financing for the poor when the range of services was increased to include savings, insurance, education and money transmission over and above the traditional micro-credit. The global experience has been that MFIs undergo rapid metamorphosis as the scale and scope of their operations grow beyond delivery of credit services to include savings, deposits and other services (Schubert, 2004; Khandakar and Constantine, 2004; Gallardo, 2001).

Savings, in particular when in financial form, are considered a key contributor to economic growth. According to United Nations (Undated) evidence from South East Asian countries shows that sustaining high economic growth was contingent upon significant levels of capital accumulation via domestic savings. Thus microfinance can be used as a vehicle for savings mobilization, particularly in the financially excluded rural areas. Savings can go a long way to loosen “....the binding lending constraints....”, which acutely affect rural populations of Sub Saharan Africa (SSA) United Nations (Undated). It has been shown that the primary concern of microfinance clients is access to microfinance services compatible with their requirements rather than the cost of such services. Thus demand for savings services by poor people may be as strong as demand for credit facilities (ibid).

However, the savings dimension of comes invariably accompanied by prudential regulation and supervision to avoid depositors losing their hard-earned money to unscrupulous MFIs. The fact that savings services can

benefit the cause of microfinance is demonstrable in the cases given in section 2.3.6.2.

2.3.6.3 The self-help group lending methodology

The self-help group (SHG) methodology involves formation of small cohesive and participative groups of the poor, which collect and pool thrift regularly from its members. The thrift so pooled is used to make small interest-bearing loans to members and in the process learning the nuances of financial discipline. With time the SHG can access bank credit to augment its resources for lending to its members (Fisheries and Aquaculture Department, (Undated).

The SHG model is an advanced version of traditional rotating and credit associations (ROSCAs) which collect and lend money in rotation to its members without charging interest. The fundamental difference between SHGs and ROSCAs is that thrift pooled in the former grows exponentially while that for the latter remains static at the same level. In addition, ROSCAs do not have a financing linkage with commercial banks. Fishery-based SHGs are thriving in many coastal areas of India from which valuable insights and lessons can be drawn (Fisheries and Aquaculture Department, (Undated). Grameen bank's SHGs are also instructive especially considering their potential for building up group cohesion.

2.3.6.4 Securitization of loans

The major challenge that microfinance institutions have to contend with is that of appropriate collateral in the light of widening outreach which is one of their twin pillars along with financial intermediation. MFIs have to find ways and techniques of offsetting poor borrowers' lack of appropriate collateral to enable the operation of the market approach to rural financing. The most common innovation has been the use of the group lending technique where members apply peer pressure on each other to enforce the honouring of collective obligations (Gallardo, 2001). The Grameen SHG groups are well-

known for providing social collateral, enabling uninterrupted operation of the largest microfinance institution without resorting to other forms of physical collateral.

2.3.6.5 Enabling laws

The primary purpose of imposing mandatory prudential regulation and supervision is consumer protection for public depositors in financial institutions. As deposit-taking by microfinance institutions increases so does the need for regulation and supervision (Gallardo, 2001).

As MFIs transitioned from credit-only institutions to fully-fledged financial intermediaries, respective governments have rushed to apply existing bank laws and/or securities regulations. The effect has been the choking of microfinance institutions with their fledgling and fragile capital structures, with devastating results to the subsector. Best practice now has it that the framework of banking laws and securities regulations segregates between conventional banks and MFIs. The framework must be structured based on thresholds that recognise a clear development trajectory starting with MFIs that are merely retail microfinance channels to those which want to grow into licensed banking institutions. Examples of institutions that have been helped to grow into licensed banks from humble MFI status by their governments are PRODEM of Bolivia and Grameen bank of Bangladesh (Gallardo, 2001)

The researcher found out whether the scheme was operating on the dictates of international best practice of microfinance. This entailed, among other things, examining the appropriateness of both the targeting of beneficiaries to the scheme and the size of loans that the scheme offered, bearing in mind that best practice required that the loans should be small and prioritise the needs of the poor.

2.4.0 Empirical Evidence

Under empirical evidence the researcher digs out what has already happened in the rural financing landscape in Zimbabwe. The information will illuminate the possibilities and potential held by the rural areas despite the marginalisation they endure from financial institutions.

2.4.1 Reforms in rural financing

In the first decade of independence in Zimbabwe (1980-90) the new government put in place measures supporting smallholder agriculture. The measures were in line with the broad policy framework of sustainable development and equitable distribution of wealth as enshrined in the document, “Growth with Equity Policy Statement” (Government of Zimbabwe (GoZ, 1981). To this end, government espoused favourable policies in the realm of agricultural support services for the smallholder farming sector in the areas of credit, extension, marketing and pricing. The policy thrust was to reform agricultural institutions so that they became more responsive to smallholder farmers’ needs (Rukuni et al, 2006; Mashingaidze in Rukuni et al, 2006).

To this end, credit institutions, among several others, were restructured and transformed from serving only large-scale white commercial farmers to embrace the smallholder farming sector in their scope of services. The new policy saw the institutionalization of credit for the first time in the smallholder sector when government made it mandatory for AFC to extend credit facilities to the sector in 1980 (Rukuni et al, 2006; Chimedza in Rukuni et al, 2006).

2.4.2 The second “Green Revolution”

The favourable policy environment triggered the second “Green Revolution” in maize, sorghum and cotton production, largely driven by the smallholder sector. According to Rohrbrach 1990 in Zepeda (2001), fertilizer, hybrid seed and chemical use by smallholder farmers steeply increased as manifested by

a five-fold expansion in sales of the commodities to the sector. Thus the availability of credit facilities increased the smallholder farmers' capacity to raise working capital which enabled them to acquire larger quantities of inputs than before, thereby igniting the second Green Revolution (Mashingaidze in Rukuni et al, 2006; Alumira and Rusike, 2005).

The notion that credit played a leading role in the second Green Revolution is further echoed by Chimedza in Rukuni et al (2006), who says that credit to the smallholder community quadrupled by season 1986/87. In contrast, the first Green Revolution in maize and tobacco production of the 1960s was spurred by white large-scale commercial farmers' adoption of improved hybrid technologies which were then only second to the United States of America in the whole world (Eicher 1995 in Zepeda, 2001; Mashingaidze in Rukuni et al, 2006).

The second Green Revolution saw marketed production of maize for the smallholder sector jumping from 7.6 per cent in the 1979/80 season to 60 per cent in the mid-1980s. The ESAP document titled 'Zimbabwe: A Framework for Economic Reform (1991-95)' Government of Zimbabwe (GoZ 1991), talks of a "dramatic upsurge" in the maize marketed output which increased from zero in 1980 to more than 70 per cent in 1989 due to what it terms "the redirection of credit...". In absolute terms the marketed output more than tripled from stagnant 400-500 thousand metric tons between 1970 and 1980 to more than 1.6 million metric tons in the mid-1980s. There were, however, significant production swings caused by intermittent drought conditions, such as the one that hit Southern Africa in the 1991/92 season, drastically reducing yields (Rohrbrach in Rukuni and Eicher, 1985; Mashingaidze in Rukuni et al, 2006)

The impact of credit was further amplified by the fact that, even at its lending peak in 1986/87, AFC only managed to reach 10 per cent of the potential smallholder market due to severe undercapitalization of the institution. To manage the ever-growing demand in credit, AFC had to resort to excessive rationing of the credit funds. As one way of rationing, AFC confined its lending

operations to a few selected high potential areas thereby excluding a larger proportion of the smallholder population from its services. The undercapitalization was partly caused by lending at sub-economic interest rates of 10 per cent at a time when inflation was hovering at 13 per cent (Chimedza in Rukuni et al, 2006; Rukuni et al, 2006).

2.4.3 The reversal of gains in agricultural productivity as the credit facility dies

The advent of ESAP in 1991 saw a marked deceleration in the provision of credit by AFC with the financial institution's sole sponsor, GoZ, having been put under severe pressure to cut its budget deficit in line with set macroeconomic adjustment targets. The ESAP process culminated in the GoZ commercializing operations of the AFC in 1999 into a conventional bank which became known as Agribank. The newly-created commercial bank ceased to extend uncollateralized credit to smallholder farmers, consistent with commercial banking etiquette (Zumbika in Rukuni et al, 2006; GoZ, 1991).

The year 2000 saw Zimbabwe's gains in maize production being reversed and the country rapidly losing its proud bread basket status, by which it was a net exporter of maize and the guarantor of food security in the Southern Africa Development Community (SADC) region to a basket case. The impressive track record saw Zimbabwe being thrust the responsibility for the Food, Agriculture and Natural Resources (FANR) sector of SADC and also holding the Food Security portfolio under the same sector (SADC, 1998; Glantz, et al. 2007; Murisa, 2010; Chanakira, 2011).

Loans to the smallholder sector dwindled from 49,883 in 1990 to a paltry 1,849 in 2000 with production of maize falling to the pre-independence levels. Government shifted attention from the smallholder sector to the newly resettled farmers under the A1 (small-scale) and A2 (medium- and large-scale) resettlement models established under the fast-track land reform programme (FTLRP) of 2000. The inexperienced new farmers, though getting

preferential treatment on government subsidies, lacked the skills and tillage capacity requisite for large-scale production mode. Because of these structural weaknesses and distortions the inputs received found their way onto the illicit market, keeping productivity levels dismally low (Zumbika in Rukuni et al, 2006; Mashingaidze in Rukuni et al, 2006; Moyo in Rukuni et al, 2006; Murisa, 2010).

2.4.4 The commercial banks' short-lived flirting with the rural markets

In the late 90s, commercial banks like the Jewel bank, Zimbank and Barclays bank, taking advantage of newly-deregulated financial market ushered in by ESAP, came onto the rural financial arena. The banks offered credit support for the production of some selected cash crops that included tobacco, paprika and cotton. In spite of the impressive repayment rates by smallholder farmers of more than 85 per cent, the commercial banks' scheme collapsed on the back of disproportionately high costs of monitoring and collection of the loans. The short-lived stint of the commercial banks in the rural financial markets exposed the inappropriateness of their approach to microfinance (Matondi and Munyuki-Hungwe in Rukuni et al, 2006; Government of Zimbabwe (GoZ, 1991).

Literature review showed that the smallholder farmers, given appropriate support services, particularly credit, were capable of increasing their productivity. It was in this light that the researcher examined the FACHIG scheme to determine its impact on the smallholder farmers.

2.5.0 Review of methodological approaches

The researcher also reviewed literature in the field of methodology to inform the design of the research.

2.5.1 Thoughts on microfinance impact assessment methodology

The field of microfinance impact assessment (IA) has attracted intense and drawn-out debates centred on methodological approaches. As a result, two schools of thought have emerged; one supporting the idea that microfinance has made considerable impact on the poor while the other disputes this notion (Odell, 2010; Lakwo 2006; Goldberg, 2005; Hulme, 2000). So divergent are the views that Professor Muhammed Yunus of Grameen Bank and Grameen Bank itself were awarded the Nobel Peace Prize in 2006 on the strength of their efforts having helped pull multitudes out of poverty. Conversely, in 2009, a negative press widely published stories rebutting earlier claims of microfinance impact (Odell, 2010).

The basis of these contestations has largely focused on the question of attribution, which essentially involves the establishment of causality, that is, the cause and effect relationship between the microfinance intervention and the claimed change (Vaessen, et al. 2010; Lakwo, 2006; Swain, 2004; Bird, 2002; Simanowitz, 2001; Hulme, 2000; Barnes and Sebstad, 2000).

2.5.2 Old and new versions of microfinance impact assessment methods

The earlier versions of IAs were mainly donor-led large-scale randomised experimental surveys, whose basic remit was 'proving' impact. These regression-based studies were highly complex and expensive. As such, outside experts were hired to execute them, virtually excluding internal programme staff from participating in the IA process (Lakwo, 2006; Swain, 2004; Bird, 2002; Mayoux, 2001; Simanowitz, 2001; Afrane, Undated).

With time, alienating of implementing agency from the IA process proved counterproductive as resultant reports were not expedited due to lack of staff buy in, prompting the search for less sophisticated alternative methodologies. This saw the adoption of a practitioner-led, flexible and eclectic research

design encompassing nuances of quantitative, qualitative, and participatory methods, aimed at 'improving' programme practices (ibid).

2.5.3 Quasi experimental control design and its tools

The shift in focus saw the emergency of the quasi experimental control design developed by United States Agency for International Development's (USAID)'s Assessing the Impact of Microenterprise Services (AIMS) project. Small Enterprise Education and Promotion (SEEP) Network, in conjunction with the AIMS project, went a step further to develop a manual of five assessment tools for practitioners, outlined below (Barnes and Sebstad, 2000; Nelson, 2000);

Tool1: Impact Survey

Tool 2: Client Exit Survey

Tool 3: Use of Loans, Profits and Savings over Time

Tool 4: Client Satisfaction

Tool 5: Client Empowerment

Tool 1, Impact Survey, utilizing quasi experimental approach, has been at the centre of IA methodological rhetoric. Sceptics doubt ability of this approach to plausibly demonstrate causality of impact. Employing concept of counterfactual instead of rigorous econometric modelling techniques weakens attribution of results to microfinance intervention. The phenomenon of fungibility of money, denoting leakage between intended loan use and its actual use, further obscures its effect on impact (Karlan and Zinman, 2010; Odell, 2010; Banerjee, et al. 2009; Goldberg, 2005; Swain, 2004; Bird, 2002; Karlan, 2001; Hulme, 2000).

2.5.4 Cross sectional and longitudinal quasi experimental methods

Though heavily criticised, the multi method quasi experimental design has, according to Goldberg, (2005) and Odell, (2010), enjoyed widest usage in

microfinance IA. The design is two-strand, consisting of cross-sectional and longitudinal methods. The one-point data collection cross-sectional method, depending on recall, produces somewhat weak results. On the other hand, multi-point data collection longitudinal methods, utilizing panel data with baseline, give more robust results. However, multi-layered data collection, including baseline, make the method overly expensive and time-consuming, posing affordability concerns (Goldberg, 2005; Nelson, 2000; Barnes and Sebstad, 2000).

The cross-sectional method has a low-intense and low-cost version which excludes counterfactual. Nonetheless, a renowned microfinance powerhouse, Grameen Bank, employs this variant to measure impact of its operations. The bank tests clients on ten objective indicators on a pre-post (before-after) basis. It then uses the results to publish audacious statements such as that the bank had helped 55% of its clients cross the poverty line as of 2004 (Quaraishi, 2007; Morshed, 2006; Goldberg, 2005), climbing to 68% by 2010 (Sinclair, 2011), further confounding the IA methodological discourse (Goldberg, 2005).

2.5.5 Re-emergence of scientific methods

A resurgence of regression-based experimental designs had been witnessed since 2009 in the form of random controlled trials (RCTs) (Odell, 2010). Of the few RCTs churned out by year 2010, a couple by Banerjee et al. (2009) and Karlan and Zinman, (2010b), are topical in that the media sensationalised them, making it appear as if previous IAs' claims of microfinance impact were false. The media ignored impact on economic variables while magnifying and universalising some findings on social variables as denoting lack of impact of microfinance as a whole (Banerjee, et al. 2009).

2.6.0 Sustainable livelihoods approach

The area of Sustainable Livelihoods Approach (SLA) provides a framework for defining and constructing indicators for measuring impact. SLA was

developed by the Department For International Development (DFID) as a tool for analysing livelihoods and designing appropriate programmes for transforming the poor's wellbeing. SLA consists of five livelihood assets known as human, natural, financial, physical and social capital bases. Figure 2.2 depicts the DFID SLA framework;

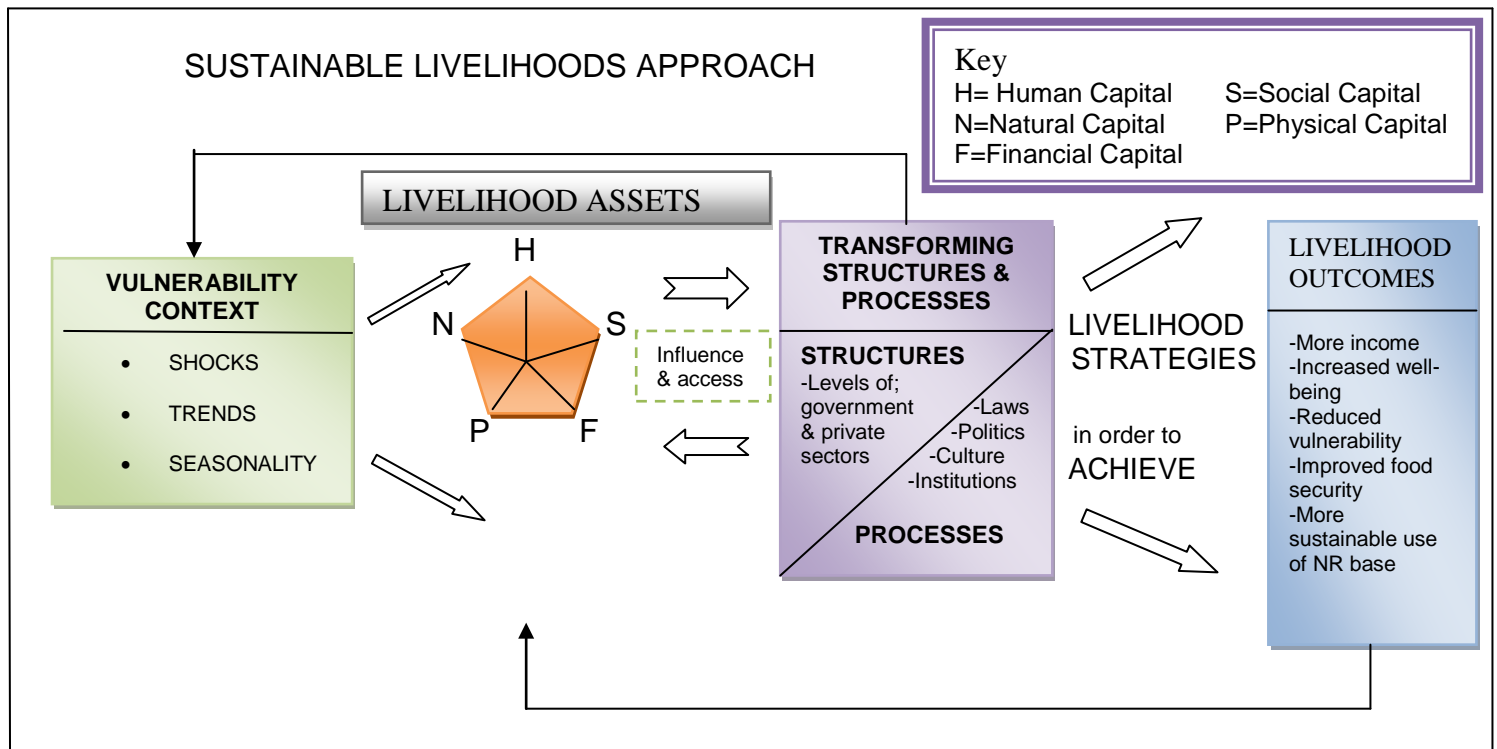


Figure 2.2: DFID Sustainable Livelihoods Approach Framework

Source: Practical Action Southern Africa, 2011

The assets (shown as a pentagon), as a result of human effort, are in constant interplay in different combinations, leading to capital formation. The structures and processes are the enablers in the interplay of the assets while the vulnerability context exerts drawbacks. For the farmers the livelihood strategies consist of investments in agricultural enterprises, producing the outcomes shown at the end (Practical Action, 2011; Cahn 2002; Krantz 2001). Indicators can be developed for the outcomes which are measured for impact. Swain et al (2008) deploys a similar framework to construct indicators for measuring impact of microfinance by comparing asset endowments of clients against non-clients.

The researcher drew up a list of indicators from the five asset bases which gave some pointers as to whether changes, positive or negative, had occurred on the smallholder farmers' wellbeing as a result of the FACHIG microfinance scheme. In addition, wealth ranking was applied on focus groups to triangulate the quantitative findings of the survey, which enriched the research.

2.7 Summary

Literature review highlighted the serious dearth in banking services in the smallholder sector of Zimbabwe and how it militated against development. Theoretical framework clearly showed the important link between microfinance and development. Microfinance was proven a potent tool for fighting poverty. Empirical evidence amply showed that provision of credit could stimulate increased agricultural productivity of the smallholder farmers. Microfinance IA methodologies were reviewed and the quasi experimental cross sectional method was considered appropriate for the current study. A framework for developing indicators was reviewed, setting the scene for the next chapter 3. The next chapter 3, Research Methodology, looks at how data was collected for the research.

CHAPTER 3 RESEARCH METHODOLOGY

3.1 Introduction

Research methodology defines the techniques by which the researcher undertakes data collection. The design is dictated by the sort of data required to gain sufficient insight into the topic. For the current research, a descriptive research design will be adopted as it encompasses both qualitative and quantitative data collection methods. This design enables the triangulation of findings. For instance, numerical quantitative data can be complemented by qualitative textual data through probing of respondents for hidden meaning behind statistics. On the other hand, use of FGDs alone can introduce bias as respondents are likely to indulge in self-censorship in discussing issues considered sensitive. In such cases KIIs will be more appropriate as outsiders are not tied to local sensitivities that impinge on objectivity and openness. The specific data collection methods are also discussed covering surveys, KIIs and FGDs for quantitative and qualitative data respectively. Lastly, the study area, the population and sampling methods are discussed in this chapter.

3.2 Research Design

A descriptive research design was employed. Knupfer and McLellan (2001) define descriptive research as a process that “involves gathering data that describe events and then organizes, tabulates, depicts, and describes data”. The technique was multifaceted, allowing the researcher to incorporate both qualitative and quantitative elements within the same study. According to Knupfer and McLellan (2001); McNabb (undated) four parameters of data collection known as surveys, interviews, observations and portfolios were subsumed in descriptive research.

The researcher predominantly used a combination of the first two sets of parameters, surveys and interviews, with a slight infusion of the third parameter, observation. The fourth parameter, portfolio assessment, which applied to educational research, was omitted as inappropriate for the current

research (Knupfer and McLellan, 2001). The use of a combination of parameters manifested in thick, rich, triangulated data which were impossible to glean from the use of one method alone (Risjord et al, 2001).

The first parameter, survey, took the form of quasi experimental control group method, using the simpler cross sectional once-off data collection technique. The more intense and reliable multiple data collection longitudinal study was inappropriate, being time-consuming, too expensive and resource-intensive. It could take up to five years or more to analyse panel data (Barnes and Sebstad, 2000; Nelson, 2000). The major source of qualitative data under the second parameter, interviews, was PLA's wealth ranking tool using key informants. FGDs were another important source of qualitative data.

3.2.1 Parameter 1 surveys

Surveys yielded quantitative data in numerical form, enabling the researcher to measure and quantify the impact of microfinance. The survey used the Impact Survey, Tool 1 of the SEEP Tools Manual (elaborated in literature review). Some of the Tool 3 indicators were subsumed in the survey to save time for wealth ranking. Tool 2, though its quality control value for results was fully appreciated, would not be applied considering a minuscule dropout rate of 22 resignations experienced across 8 CHIGs in four years, translating to 8 people in the three sample CHIGs (Farmers' Association of Community self-Help Investment Groups (FACHIG EU Report, 2007-2011; Nelson, 2000).

Data was collected by structured questionnaires administered on respondents. However, questionnaires were administered face to face as the population had literacy limitations to handle self-administered questionnaires. Nonetheless, use of the broad survey method made it possible to cover a wider sample, increasing its representativeness to the population (Knupfer and McLellan, 2001; Risjord et al, 2001).

In the current survey impact was measured as the expansion in the asset base of smallholder farmers. Indicators were framed to measure changes in

each of the five DFID's SLA capital bases (Cahn, 2002; Krantz, 2001). Capital formation directly represented wealth or the capability to reproduce it and hence an appropriate indicator of impact of microfinance (Swain et al, 2008; Lakwo, 2006).

3.2.1.1 Impact domains and indicators

Indicators of microfinance had evolved in the same way perceptions of poverty had changed over time. Traditionally, poverty was perceived as non-dimensional and as such IAs solely applied economic indicators, including income, expenditure and consumption levels and accumulation of assets. Social indicators, subsuming educational, health and nutritional matters, cropped up as the multi dimensionality of poverty was unveiling. In recent history empowerment indicators were added to this growing list (Bird, 2002).

Indicators for the current survey were developed along Tool 1 of the SEEP tools manual. A total of five impact domains were identified along the capital bases on the DFID's SLA framework. This gave a very comprehensive structure of indicators which covered all the aspects of poverty in its multiple facets. Table 3.1 gives a sense of the indicators within the five domains;

Table 3.1: Impact Domains and Indicators

Impact Domain	Asset indicators	Reasons for choice
Natural capital	<ul style="list-style-type: none"> • Land size, ownership, access and control 	This is a primary asset for producing crops for both food and income security
Physical capital	<ul style="list-style-type: none"> • Livestock (cattle, goats, poultry etc) • Farm implements • Solid house/house improvements • Household effects • Solar panel 	Some assets like livestock can be converted into income through sales. Others constitute means of production e.g. farm implements meaning that they can be applied to create wealth. There are others that bring comfort and prestige e.g. household effects, solar panel and solid house
Financial capital	<ul style="list-style-type: none"> • IGP • Bank account • Access to credit 	Sources of cash for future security to meet ever fluctuating lifecycle events and smoothing consumption
Human capital	<ul style="list-style-type: none"> • Affording children's education • Skills training • Affording medication in public/private hospital • Food and nutrition security 	Education and health are components of the human development index, hence constitute capability to alleviate poverty. Food and nutrition are important for a healthy body which is important for labour.
Social capital	<ul style="list-style-type: none"> • Holding regular meetings • Belonging to multiple groups • Linkages to external organizations, service providers and stakeholders 	This provides a network of support in times of problems

Source: Lakwo (2006) (Adapted)

Indicators for satisfaction (Tool 4) were embedded in the survey instead of separate FGDs in order to accord more time to wealth ranking. Indicators for this tool included interest rates, size of loan, productive and consumption loans, loan application turnaround, transaction costs for clients for deposits and withdrawals and social collateral. An open-ended question was included

to tap the unobservable attitudes of clients to FACHIG's microfinance services.

3.2.2 Parameter 2 interviews

Interviews were conducted to elicit qualitative data in textual form. The method ensured that the insights of a limited number of respondents were intensely interrogated, consistent with a Case Study as defined by Mouton (2001) who says that the aim of such a study is "...to provide an in-depth description of a small number (less than 50) of cases".

In the present study the researcher wanted to understand whether smallholder farmers, in their own view and experience, could attest that their lives had changed significantly as a result of the microfinance scheme. The study thus heavily relied on the farmers' perspectives and perceptions in participating in the microfinance activities to note any improvements in their own lives (Hancock, 2002; Mouton, 2001).

Parameter 2, interviews, used two approaches namely semi structured interviews and participatory learning and action (PLA), formerly participatory rural appraisal (PRA) (Lakwo, 2006; Bird; 2002; Hulme, 2000).

Semi structured interviews were conducted by administering open-ended questions on interview checklist/guides to respondents either individually or as groups who narrated their ideas, views or answers orally. The interviewer recorded notes and probed deeper into respondents' thinking to gain further insights or seek clarification of issues (Lakwo, 2006; Kitzinger, 1995; Moen and McClure, 1997). This methodology was used to test "Client Empowerment" under Tool 5 on the SEEP tools manual (Nelson, 2000).

Indicators for women empowerment included decision making space, ownership of or access to valuable assets, loans, land and mobility. Questions were framed around these indicators and the researcher also gauged for self-confidence in the way women respondents presented their case.

FGDs were used instead of SEEP tools manual's individual interviews as debate could be enriched by also soliciting men's views since they were also affected by shifting power relations. Men had also to confirm or refute any claims by women on the change in power relations. FACHIG groups were women-dominated and the presence of a few men could not deter their freedom of speech. Rather, the presence of men would be a test of their self-confidence to engage in debate openly.

An array of tools was available for conducting PLAs which included seasonal calendars, resource and social maps, wealth ranking, Venn diagrams for institutions/networks, among others (Bird, 2002; Hulme, 2000). The choice of a tool or a mix of them depended on the objectives of the research. For instance, the extant research had the quasi experimental technique to prove impact and PLA's role was to triangulate survey findings. To this end, wealth ranking was considered an appropriate PLA tool to generate the required information.

For wealth ranking the researcher did not go with pre-packaged indicators as the people were supposed to generate their own indicators from their indigenous knowledge systems and experience. In fact, researcher's indicators developed for the survey could be invalidated where extreme variations appeared between them and those of respondents. For instance, putting boats as an indicator for a landlocked community was sheer waste of time and resources (Umara, 2011; Lakwo, 2006).

3.2.3 Parameter 3 observation

The researcher was able to verify or nullify some responses of subjects, depending on the situation observed on the ground (Hancock, 2002; McNabb, Undated). As the researcher undertook fieldwork, he took strolls across the village to check on the physical existence of tangible assets.

3.2.4 Shortcomings of descriptive research

In applying descriptive research techniques, the researcher had to exercise a bit of caution as the design had some inherent shortcomings. Descriptive data was not amenable for drawing inferences or cause and effect relationships. It was common, however, for novices to overstep the bounds of descriptive data and used it for inferential purposes, which it was not designed for.

3.3 Data Collection Methods

Basically, three data collection methods were appropriate for the chosen design. These were surveys, FGDs and KIs. The structured questionnaire was used for conducting the survey whilst interview guides/schedules were used to collect data from focus groups and key informants.

3.3.1 Survey data

A questionnaire, largely based on a Likert-type scale, was used as the instrument for collecting survey data (Moen and McClure, 1997; Babbie, 2008). The questionnaire was served face-to-face in vernacular to increase understanding by respondents with literacy challenges. Data gathered by the questionnaires was analysed with the aid of a computer package, Statistical Package for Social Science (SPSS).

3.3.2 Focus group discussions (FGD)

FGDs were a form of data collection which enabled the assembling of data from a number of people simultaneously, tapping into group interaction (Kitzinger, 1995). Powell et al. (1996) in Gibbs (1997) defines FGDs as “a group of individuals selected and assembled by researchers to discuss and comment on, from personal experience, the topic that was the subject of the research”. FGDs laid emphasis on the active participation of all members of the group, unreservedly contributing their perspectives, experiences,

knowledge, beliefs and values to the debate (Kitzinger, 1995; Gibbs, 1997; Moen and McClure, 1997).

Through unrestricted interaction Kitzinger (1995) asserts that it is possible to “...examine not only what people thought but how they think and why they think that way”. Gibbs (1995) echoes Kitzinger’s sentiments by saying that focus groups help the researcher to “...find out why an issue is salient, as well as what is salient about the issue”, thus ensuring the collection of what Moen and McClure (1997) describe as “...content-rich qualitative data...”.

For a focus group to be viable, the recommended number of people constituting it should range between six and ten (Gibbs, 1997). The researcher used twenty pre-existing groups averaging ten people per group, which was in line with recommended focus group norms. Also people from diverse backgrounds did not form a group as it was going to be difficult to reconcile heterogeneous interests (Kitzinger, 1995; Gibbs, 1997). The population of the current research was largely homogeneous, drawing members from small-scale farming background. Thus convergence of interest was present in the FGDs and the researcher made a good attempt to properly moderate discussions (Gibbs, 1997).

The FGDs were based on open-ended questions, allowing the researcher to probe further insights and elucidation of points of view of participants. On the contrary, research participants were allowed the leeway to influence the course of debate by introducing new subjects that led to alternative avenues for data collection. The researcher approached the FGDs with flexibility, varying the interview protocols in keeping with any changing circumstances (Kitzinger, 1995; Moen and McClure, 1997).

3.3.3 Key informant interviews (KI)

According to UCLA (Undated), key informant interviews (KIIs) are “...qualitative in-depth interviews with people who know what is going on in the community”. Key informants were people who possessed hands on

information and knowledge about the community; its people, structures, resources, economic activities and livelihood patterns. KIs were a suitable data collection method for undertaking wealth ranking (Education Development Center, Inc, 2004; UCLA Center For Health Policy Research, Undated; Sherry and Marlow, 1999; Kumar, 1989).

Both treatment and control groups were knowledgeable about the FACHIG microfinance activities and to what extent beneficiaries' lives had been transformed. The groups had vast opportunities for interaction when carrying out joint activities like training, field days, look and learn visits, crop and livestock assessments and other monitoring events (Farmers' Association of Community self-Help Investment Groups Reports (FACHIG, 2007-2011).

An assumption was made that the control groups possessed similar entrepreneurial drive as the old treatment ones for them to join the microfinance scheme. This made the old and new groups comparable. Also the new group members had demonstrable knowledge of the status and activities of the old group to emulate and wanting to join in what it was doing. This qualified the new control group to play the role of key informant as well (Umara, 2011; Lakwo, 2006; Karlan, 2001; Hulme, 2000).

3.4 Study Area

FACHIG operates in four districts of Rushinga, Mt. Darwin, Muzarabani and Guruve in Mashonaland Central province of Zimbabwe (see map on Figure 3.1). However, the current study was confined to one district, Mt. Darwin, to allow for an intensive research in keeping with a Case Study. The study was conducted at village and ward levels where individual farmers and farmer groups were located respectively. According to Farmers Association of Community self-Help Investment Groups (FACHIG, 2009) a total of 15 wards (7,8,9,10,11,15,16,17,22,23,24,36, 37, 39 and 40) were covered by the research.

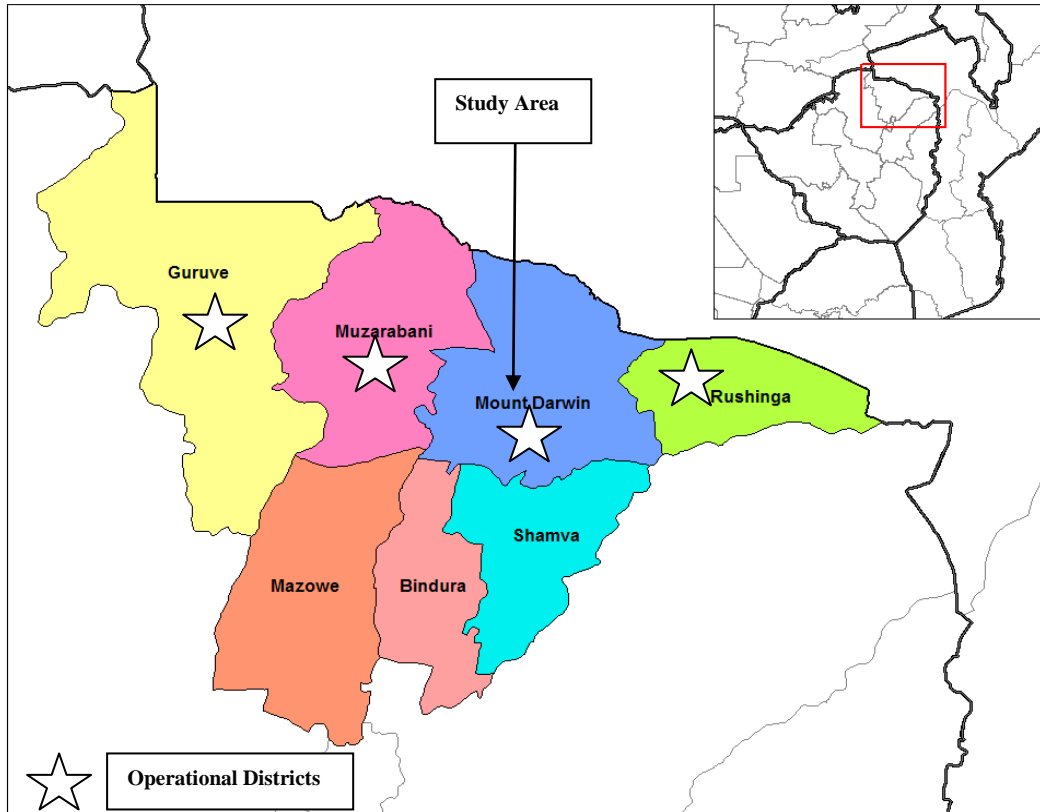


Figure 3.1: Study Area for the Research

3.5 Population

The population had two units of analysis, consisting of individual farmers, in all, numbering 3,400 as one subset and 289 voluntary groups called Investment Groups (IG), making second subset (Farmers' Association of Community self-Help Investment Groups (FACHIG, 2009).

3.6 Sample Size and Selection Method

There are three categories of people in FACHIG depending on their year of entry into the scheme. The largest proportion of the members was recruited at inception in 1999. The organization underwent rejuvenation in 2007, recruiting a few replacements for dropouts since 1999. The latest entrants were recruited in 2009 and had largely completed preparatory stages, readying themselves to receive their first loans. Thus, there was extreme heterogeneity

of the population based on the different tenures of membership of scheme members.

The issue of counterfactual was critical to the current study and to establish a proper one, sampling was guided by SEEP's client/non client framework outlined below;

Option 1: "Clients only", put by Nelson (2000) as a "quick and dirty" assessment, lacks any validity. It was essentially, an after/before situation of clients devoid of a comparison (control) group version. It was not possible to attribute change to microfinance in the absence of the views of a control group.

Option 2: "Clients and non-clients", provided a with/without framework in which the situation of the clients was compared with that of non-clients. This way attribution was possible between change and microfinance, but bias in the selection of sample could have limited the validity of results.

Option 3: "Mature clients and incoming clients", the same in principle as Option 2 but put pipeline participants with comparable entrepreneurial spirit as control group, limiting bias in the sample (Nelson, 2000; Umara, 2010).

The researcher settled for Option 3, which closely resembled the units of analysis in the study where the 1999 and 2007 cohorts represented the "Mature clients" or the treatment group and the 2009 one the "Incoming clients" or control group.

Given this heterogeneity, a quota sampling method, infused with purposive sampling technique, were appropriate for the current study (Mouton 2001; Walliman 2004). According to the Farmers Association of Community self-Help Investment Groups (FACHIG, 2009), members recruited by 2007 numbered 2084, constituting 60 per cent of the total membership currently standing at 3,400. Thus the sample was divided into proportions/quotas of 60% treatment group and 40% control group.

The study covered 3 CHIGs, Dotito A, Dotito B and Kandeya B, selected through purposive sampling as Dotito A and Dotito B were close to each other, simplifying logistics. Kandeya B lied in the resettlement area, providing variability of respondents. The ratio of old to new groups for the sample remained 60:40 as for entire population.

A sample size of 20 groups was chosen from the 3 CHIGs bearing in mind the high cost of personal interviews (Mouton 2001). By quota sampling method 12 groups were selected from treatment group and 8 from the control cohort (Trochim 2006). Further, the 12 and 8 groups from each category were selected by purposive sampling. Purposive sampling allowed groups reflecting other characteristics like size, location, gender balance and average age to be chosen. The groups participated in FGDs and KIIs while individuals constituting groups were the respondents for the survey.

3.7 Summary

The chosen methodology for data collection, descriptive research design, was described, identifying its strengths and weaknesses. The indicators for impact were identified and were measured by survey and interviews triangulated survey findings. Data collection instruments, questionnaires and interview guides, were constructed and appeared in the appendix. The geographic coverage was defined and the wards identified. The population, in the form of investment groups (IGs) and individual group members, were also identified into two distinct subsets. The IGs participated in FGDs and KIIs while individual respondents partook in the survey. A mixture of quota and purposive sampling methods were used and sample sizes were determined for each subset. The methodology chapter, therefore, set the stage for conducting fieldwork to yield data to be analysed in chapter 4.

CHAPTER 4 DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The research sought to unravel the microfinance landscape in Mt. Darwin district of Mashonaland Central Province of Zimbabwe. Literature review had shown that banks, considered engines of economic growth, shunned the rural market. Rural areas comparatively lagged behind in development as a result. Banks cited high transaction costs and lack of suitable collateral as the major barriers to entry. Thus, the aim of the research was to examine how far the FACHIG scheme had gone in alleviating poverty under the given hostile circumstances. The researcher emerged from fieldwork with both quantitative and qualitative data collected against the indicators outlined in chapter 3. Quantitative data was analysed with the aid of computer package, SPSS. On the other hand, poverty mobility was analysed from wealth ranking data. The chapter started with a description of the fieldwork activities followed by quantitative and qualitative data analyses and ending with a summary of major findings.

4.2 Fieldwork

The fieldwork was conducted in two sessions, the first from 28 February 2011 to 4 March 2011 and the second from 15 to 17 June 2011. The study was twofold, consisting of face to face administration of questionnaire (Annex 1) to individual respondents and interview guide (Annex 2) to focus groups. The respondents were invited to appear in their groups. The enumerators started by serving the questionnaire to respondents orally after which the group assembled for FGDs.

4.2.1 Administration of questionnaire to individual respondents

To fulfil ethical etiquette the enumerators' first port of call was the Community self-Help Investment Groups (CHIG) chairperson's homestead to present a clearance letter (Annex 3) from the FACHIG Director. The CHIG was a

substructure of FACHIG at community level managing a number of Investment Groups (IGs) which are the basic building blocks of FACHIG. The letter stated that the researcher had sought and been granted permission by FACHIG to meet its IGs and individual members to solicit data for the purpose of completing a mini dissertation. The letter contained the resolution of the board of FACHIG granting such permission to the researcher. After the chairpersons read the letter the researcher went on to further elaborate the purpose and the ethical rules binding him in carrying out the survey.

Although the research topic was neutral and hence immune to most of the ethical considerations pertaining to qualitative research, the researcher nonetheless hammered the concept of informed consent to the participants. The researcher explained that the study was purely academic to enable him to submit mini dissertation for completing a Masters' programme. The rights of respondents to voluntary participation and their freedom to withdraw from the interview process at any stage were highlighted. To protect the confidentiality of participants the use of pseudonyms was agreed as a form of anonymity (Fritz, 2008; Halai, 2006; Richards and Schwartz, 2001; Siegle, Undated).

To put the principle of "no harm" to participants into perspective, a risk profile of the study was done in comparison to other more intrusive studies as illustrated below. The study did not have physical, psychological and social risks to the participants as it was delving into purely developmental issues. It did not involve testing of drugs which could cause physical harm to patients or digging information about past events such as sexual assaults which could trigger new emotions in victims, resulting in psychological harm or releasing certain information about sexual orientation of participants which could result in discrimination of the concerned, causing social harm. There were no direct benefits promised the participants from the research other than that it would provide valuable information on achievements of the microfinance scheme and its drawbacks, providing lessons for the future (Jones and Bartlett, Undated; Siegle, Undated; Halai, 2006; University of Minnesota, 2003; Mayoux, 2001).

After the CHIG chairpersons were taken through the informed consent process and giving their consent by consensus and in verbal form, they accompanied the enumerators to the IGs sampled from their area. The chairpersons helped the enumerators explain the purpose of the study and establishing informed consent in the participants, which also took the verbal consensual form.

The enumerators visited the respondents in their neighbourhoods, usually at walking distances from their homes. In all 154 respondents were interviewed of which 28.6 % were male and 71.4 % female respectively, see Figure 4.1.

4.2.2 FGD meetings

After administering questionnaires to individuals, the group assembled for FGDs and KIIs. The group was taken through ethical formalities and explanations of the purpose of the study in the same manner individual interviewees were introduced. The researcher then explained how FGDs and KIIs operated, placing the onus of talking on the group members with the researcher giving guidance. A cardinal rule was that all group members were equal and free to talk without being confrontational.

It was also explained that wealth ranking of FACHIG groups according to their socioeconomic status required the participants to be fully familiar with other FACHIG members they were categorising. All the FGDs demonstrated sufficient knowledge of colleagues in FACHIG, indicating no ethical reservations for the interviews. A total of 17 FGDs materialised out of the planned 20.

The Table 4.1 shows the coverage of the three units of analysis;

TABLE 4.1: CHIGs, Groups and Individual Respondents Covered (N=154)

CHIG	Groups per plan	Groups reached	Over/under achievement	Individual Respondents as planned	Individual respondents reached	Over/under achievement
Dotito B	7	5	-2	87	42	45
Dotito A	7	9	+2	103	75	28
Kandeya B	6	7	0	64	37	27
Total	20	21		254	154	100

The survey managed to reach all the 3 CHIGs as planned. Although it managed to cover 20 groups as envisaged their distribution across the CHIGs was slightly at variance with the plan. The survey failed to cover 2 groups in Dotito B CHIG due to inaccessibility due to rainy conditions, but this was compensated by Dotito A CHIG where 9 instead of initially planned 7 groups were covered. However, the questionnaire survey target of 254 respondents was missed by a wide margin, covering 154 respondents.

On close scrutiny of the database it was discovered that it had material errors, as for instance, Ruvimbo group in Kandeya B CHIG had 18 members when its actual size was just 8 according to CHIG and group records, representing an error of more than 55 per cent (Farmers Association of Community self-Help Investment Groups (FACHIG, 2009). Nonetheless, a sample of 154 respondents attained for a population of 3 400 people was quite significant by Case Study standards, as according to Mouton (2001) not more than 50 cases did suffice.

The reshuffling of groups also upset the proportion between treatment and control groups which shifted from the planned quota sample of 60:40 to 51:49 respectively. The distortions were largely a result of the database which was still in crude form. The questionnaire was administered with the assistance of FACHIG Project Officer for the district. Although an element of bias in translating could not be ruled out, the researcher can guarantee the validity of the data as conscious effort was put to ensure the vernacular version was as accurate as possible.

On the other hand, all the FGDs were exclusively handled by the researcher as this was considered a delicate area which required uniformity in the manner questions were posed and probes made across the FGDs. The validity of wealth ranking hinged on several fundamentals, the most important of which was consistency of results from different key informants. Engagement of untrained enumerator would affect consistency due to lack of standardized questioning techniques.

For determining impact the researcher worked on a couple of assumptions, the first one being that all groups were similar irrespective of the year they joined the scheme. In that case the scheme was judged as having had no impact at all. The second assumption was that groups that joined at different stages were dissimilar, whereby greater change was expected on those signing up earlier. In that case the scheme was deemed to have made impact. Thus data analysis mainly revolved around proving or disproving these two assumptions. However, the overarching aim, objectives and research questions needed to be adequately addressed by the analysis.

As laid down in chapter 3, the questionnaires yielded numeric data for quantitative analysis and interview guides captured textual data for qualitative analysis. Wealth creation and/or accumulation as measured through the five livelihood bases of natural, physical, financial, social and human capitals could be used as the indicator of impact of microfinance scheme.

4.3 Quantitative Data Analysis

Quantitative data was collected on various variables grouped into five sections in the questionnaire (see Annex 1); Section A) Profile of respondents; Section B) Respondents' participation in the scheme and other financial institutions; Section C) Respondents' knowledge of microfinance scheme and its role; Section D) Impact of the scheme on the smallholder farmers; and Section E) Strategies for the future.

4.3.1 Section A

Under this section, mediating factors like “Gender”, “Marital status” and “Year of joining” produced insightful findings. In particular, the variable “Year of joining” was critical for cross tabulating to other variables to show the effect of prolonged engagement on the scheme for the treatment cohort against short-lived experience of the control group. Any discrepancies noted between the two groups signified impact of the microfinance scheme.

4.3.2 Section B

Variables in this section were designed to check the status of both the conventional banks and microfinance institutions (including FACHIG scheme) in the Mt. Darwin rural financial market as well as the level of utilization of the institutions’ services by the smallholder farmers. Literature review revealed the twin problem of conventional banks shunning the rural financial markets and the retraction of microfinance institutions from the same arena as a result of biting recession. Some variables were therefore included to test this assumption using Mt. Darwin district as the microcosm. Additionally, the lone presence of the FACHIG scheme in the rural market and its resilience to harsh economic environment, circumvented by others, clearly signified impact.

4.3.3 Section C

The variables tested respondents’ understanding of key elements of financial intermediation as applied to the field of microfinance. These included collateralization systems, interest rates levels, convenience of microfinance services and size and types of loans issued by the scheme. The discrepancy in knowledge levels on these elements between the treatment groups and control groups would signify impact of the microfinance scheme.

More importantly also, the variables depicting the types of loans issued would determine to what extent smallholder farmers were able to deal with

idiosyncratic and covariate risks. Normally, provident (consumption) loans were suitable for dealing with idiosyncratic risks while business or income generating loans were good at hedging against covariate risks. Thus a good mix of the two types of loans enhanced the livelihoods of smallholder farmers, hence an indicator of impact of the microfinance scheme.

4.3.4 Section D

The variables in this section measured asset accumulation of respondents, cross tabulated to the independent variable, “Year of joining” the scheme. The variables, so cross tabulated, signified impact of the microfinance scheme working from the premise that treatment groups should command larger asset holdings compared to the control groups. Conversely, little or no discrepancy in asset endowment levels between these groups would signify no impact of the scheme.

4.3.5 Section E

This section looked at what could be done to improve the scheme in future and what should be maintained as best practice. These were open-ended variables which allowed for probing by the enumerators. The quality of attributes generated would also be an indicator of impact as this reflected the respondents’ grasp of issues pertaining to the scheme.

The questionnaire data was captured in the computer onto the SPSS package. Before data capturing commenced the questionnaire variables were transcribed into computer readable mode in which the variables were classified into either of 3 levels of measurement, i.e. nominal (in name or label only), ordinal (rank-ordered) and scale/ratio (with the distance separating any two attributes being the same) (Babbie 2008). The data were then fed into the computer against the corresponding variables. Analyses then commenced which consisted basically of three operations; a) running frequencies on a single variable; b) running cross tabulations between or among two or more variables; and c) running multiple responses first before cross tabulating, all

on SPSS. Results were displayed in tabular or graphical form to allow for comparisons to be made to facilitate analysis of the data and easy interpretation by users.

A detailed analysis of the findings of the research was as follows;

4.3.6 Existence of banks and microfinance institutions in Mt. Darwin district

Research question 1.5.1 required that a check be made on the prevailing banking situation in Mashonaland Central province, that is, the presence of conventional banks and microfinance institutions. Availing financial services to the rural market, shunned by conventional banks (as literature review alludes), was a critical impact factor for a microfinance scheme. To this end, some variables were included to test the presence of both conventional banks and MFIs on the Mt. Darwin financial market. The following findings surfaced from the survey, Figures 4.1, 4.2 and 4.4;

4.3.6.1 Presence of conventional banks

The Figure 4.1 depicted the spatial distribution of formal banks relative to the location of rural people;

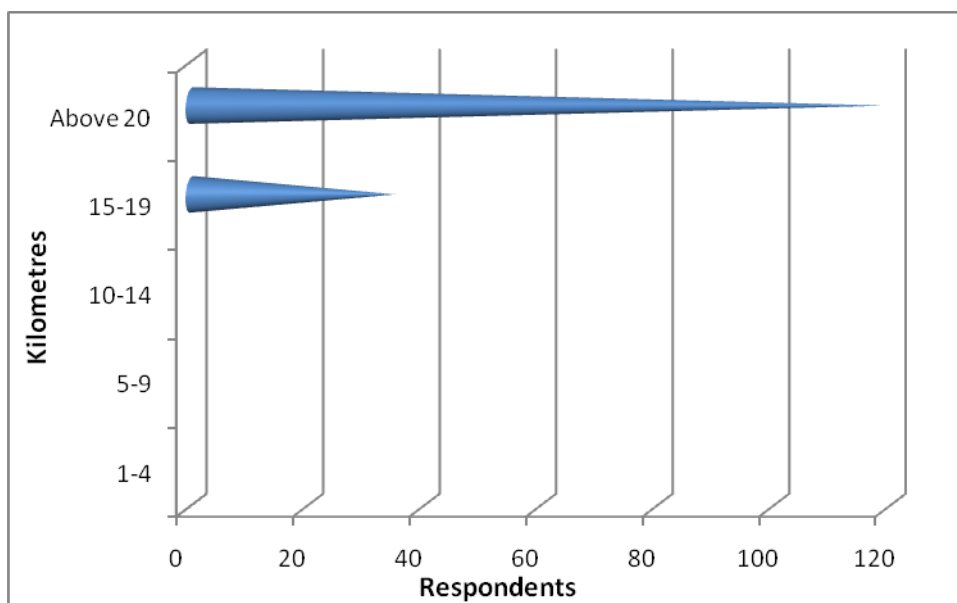


Figure 4.1: Distance of Nearest Commercial Bank

There was no bank found within 15 kilometres radius of respondents' location. 35 respondents (22.7%) stayed between 15 and 19 kilometres of the nearest bank while 119 (77.3%) reported distances above 20 kilometres, showing a total absence of conventional banks from the rural market of Mt. Darwin district.

The paucity of these banks translated to very low usage of their services by rural people of Mt. Darwin district with 86.4% of the respondents reporting not having opened a bank account with conventional banks all their lives, see Figure 4.2;

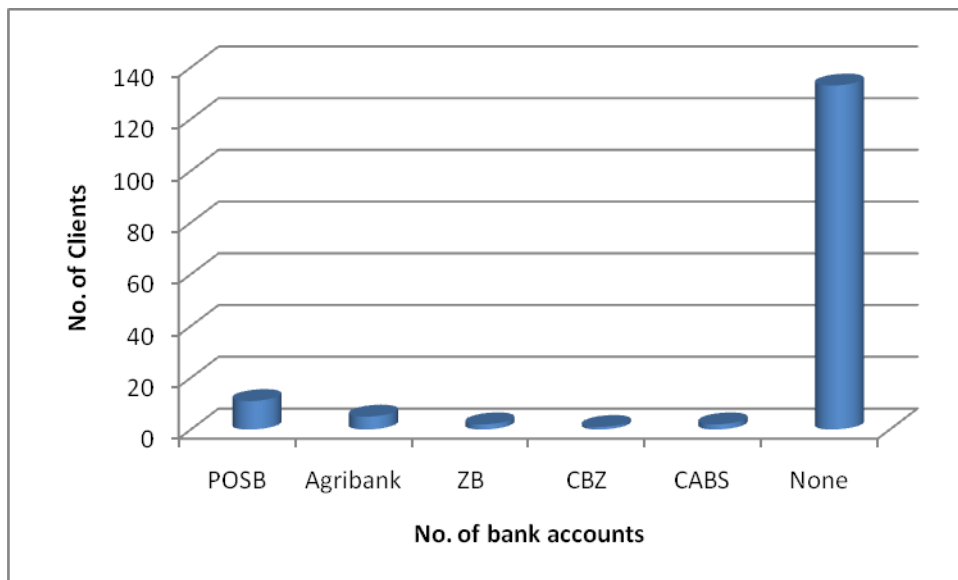


Figure 4.2: Bank Accounts Held by Respondent in Last 10 Years

Respondents more than double those with bank accounts reported having closed their bank accounts with conventional banks in the same period, possibly in frustration of not being considered for loans.

Furthermore, the situation was accentuated by the practice of formal banks of only taking deposits from rural clientele without giving back matching loans. This, in essence, worked as a ploy to siphon money from the rural financial markets and channelling it to capitalise loan books of urban-based banking outlets. The banks argued that urban dwellers afforded appropriate collateral

regimes in the form of either title deeds or a regular wage income as pretext for their actions (W. K. Kellogg Foundation, 2002).

On the other hand, MFIs were appropriate for the rural financial markets as they provided savings-linked loans to depositors. The savings had a triple effect on the depositor of the same money earning interest while simultaneously providing collateral for a loan. Thirdly, the same savings would be in safe custody, satisfying the basic motive of banking money. In this regard, the capacity of the FACHIG scheme to satisfy the triple effect signified its impact.

4.3.6.2 Presence of microfinance institutions

Coming to the microfinance landscape in Mt. Darwin district, only two MFIs had an active presence on the market, FACHIG's FACHIG Savings and Credit Union (FSCU) and Takura Nyakasikana (Figure 4.3). The whole sample (100%) reported of holding an account with FSCU as opposed to only 4 accounts held with Takura Nyakasikana before it went bust on the back of deep recession.

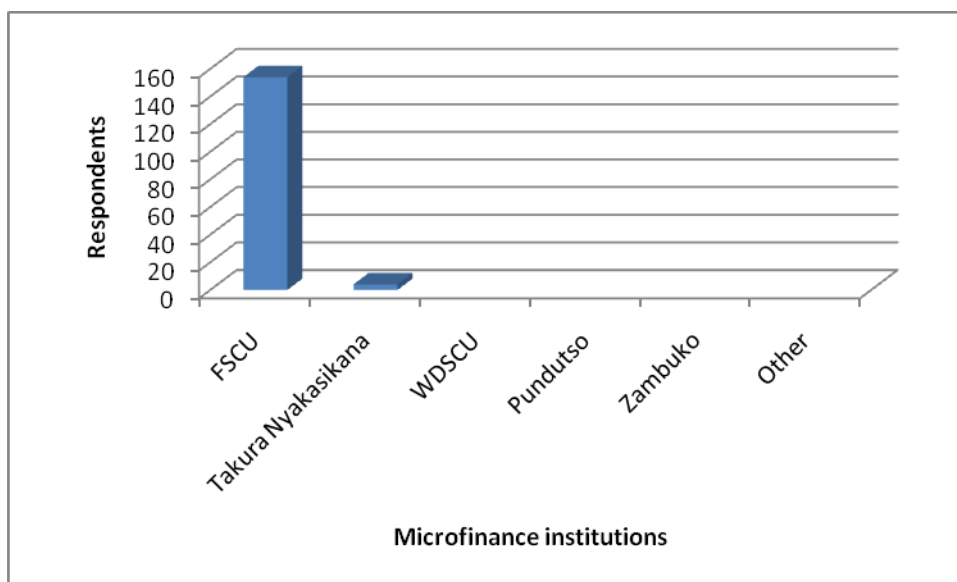


Figure 4.3: MFIs Active in Mt. Darwin District in the Last 10 Years

Only four respondents registered being clients to another MFI (probably Takura Nyakasikana) other than FSCU, amply demonstrating the dearth of financial institutions on the Mt. Darwin rural financial markets. The respondents were unfamiliar with common MFI players such as Pundutso, WDSCU and Zambuko, claiming rural presence. This was a sign that these MFIs had low outreach probably not targeting the poor but the well-to-do rural farmers and salaried people in small rural towns in Mt. Darwin district.

4.3.6.3 Availability, convenience and satisfaction of financial services in Mt. Darwin district

Research question 1.5.2, in conjunction with tool 4 envisaged the exploration of the state of financial service provision and its adequacy for the satisfaction of the Mashonaland Central province rural people. Variables were included in the questionnaire to find out the financial services situation in Mt. Darwin district for conventional banks and MFIs. In each case the variables tested were savings, loans, money transmission, insurance and education/training.

4.3.6.3.1 Financial services available from banks in Mt. Darwin district

The respondents attested to receiving three out of the five services on the questionnaire, one, savings to a reasonable extent and the other two, money transmission and loan services to a negligible extent. The level of savings delivery is shown in the pie chart figure 4.4

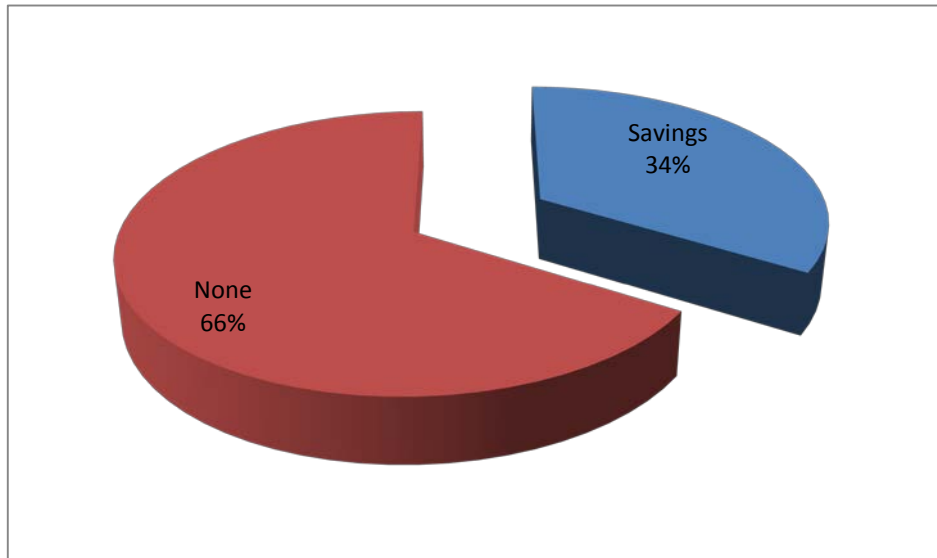


Figure 44: Frequency of Savings Delivery (N=154)

According to the pie chart 34% of the respondents reported receiving savings services from conventional banks as opposed to 0.6% who received loans. The third service reported was money transmission of which only 1.9% said they received that service. The set of statistics seemed to vindicate the notion given elsewhere in the report that conventional banks, through the guise of savings, siphon money from rural areas and issue it as loans in towns. The figures of 34% savings and a paltry 0.6% loans were amply illustrative.

The low accessibility to bank services should be viewed on the backdrop of only 13.5% of the 154 respondents attesting to holding conventional bank accounts and 26.6% having closed their accounts with these banks in the last ten years. The statistics painted a gloomy picture of conventional banks' service delivery to the rural market of Mt. Darwin district.

4.3.6.3.2 Financial services available from MFIs in Mt. Darwin district

The MFIs offered two out of the five financial services asked in the questionnaire in significant magnitudes. 37% of the 154 respondents indicated receiving savings services from MFIs while almost 100% reported receiving loans, see figure 4.5

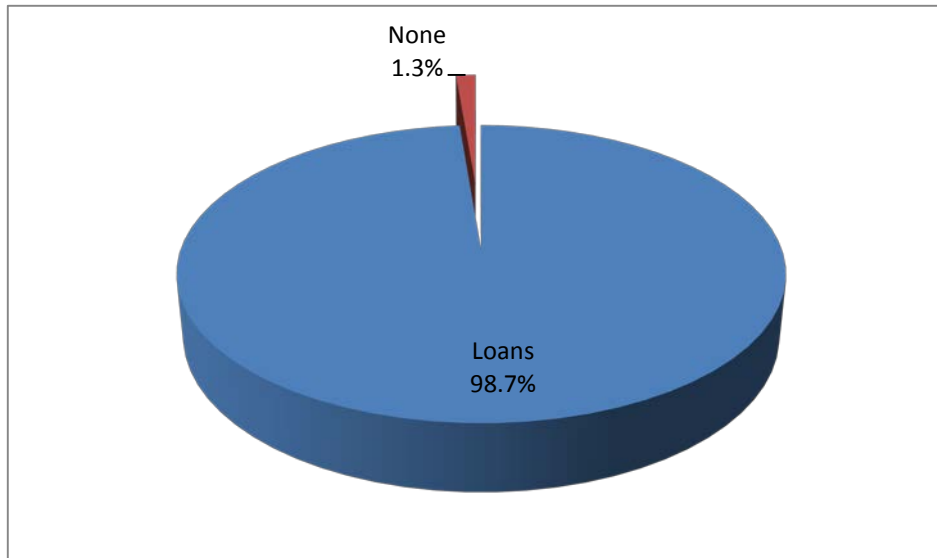


Figure 4.5: Frequency of MFI Loans Delivery (N=154)

Although the range of services was narrow (two out of five) their magnitude was much higher than for the conventional banks. Again, while the slant for conventional banks services was on savings that of MFIs was on loans, diametrically dividing the two's approaches. A total of seven conventional banks were mentioned to have been dealt with by the respondents of the current study against two MFIs. However, their range of services was overly narrow, keeping to the relatively safe savings against unsecured loans.

4.3.6.3.3 Level of convenience and satisfaction of FACHIG's financial services in Mt. Darwin district

Notwithstanding the inroads made by FACHIG in rural financial market, it was demonstrable that that market was still thirst for financial services, see Tables 4.2 and 4.3. The majority of respondents (123 out of 154) answered that the loan payout should be increased, meaning that at their current levels the loans were failing to cover all the costs of IGP (Table 4.2). The continued shunning of the rural market, in general and loan schemes in particular, by conventional banks meant that the financing gap would persist unremittingly into the foreseeable future.

TABLE 4.2: Areas Needing Improvement in the Scheme (N=186)

		Responses		Percent of Cases
		N	Percent	
Scheme improvement	Timeliness	48	25.8%	34.5%
	Increase loan payout	123	66.1%	88.5%
	Create market for produce	11	5.9%	7.9%
	Increase beneficiary coverage	4	2.2%	2.9%
Total		186	100.0%	133.8%

The situation was worsened by the limited presence of MFIs in the rural sector as mentioned elsewhere in this report. The bad macroeconomic outlook of the past decade forced MFIs to either close down or cut back on operations, which meant retreating from the precarious rural market. The FACHIG savings component became victim to the economic malaise which saw members' savings being bludgeoned to nothing by hyperinflation.

A guarantee fund, built over many years by members to underwrite loans from a commercial bank, was equally decimated. The rebound of the rural economy was taking longer than expected after the introduction of multi-currency regime in 2009 due to lack of liquidity. This had negative ramifications on revival of savings component.

On the other hand, FACHIG adopted innovative ways of hedging its loan scheme against hyperinflation including in kind loan repayments in which commodities were used instead of cash to maintain value of proceeds. Immediate conversion of cash proceeds into assets saw the establishment of thriving goat projects for instance, representing resilience-building initiatives against inflation (FACHIG Narrative Reports 2007-2009).

The demise of the savings scheme was constraining efforts by FACHIG to diversify its loan portfolio as provident/consumption loans required matching savings reserves to avoid total exposure of the loan scheme. Tables 4.3A and 4.3B are illustrative of the deficiency of the loan scheme to deliver diversified products;

TABLE 4.3A: Frequency of Productive Loans by Gender (f=611)

			Gender of Respondent		Total
			Male	Female	
Loans for income generation	To no extent	Count	87	232	319
		% of Total	56.5%	150.6%	207.1%
	To some extent	Count	4	2	6
		% of Total	2.6%	1.3%	3.9%
	To a great extent	Count	0	1	1
		% of Total	.0%	.6%	.6%
	To a very great extent	Count	83	202	285
		% of Total	53.9%	131.2%	185.1%
Total	Count	44	110	154	
	% of Total	28.6%	71.4%	100.0%	

The frequency of satisfaction with IGPs stood at 286 (1+285) cases against 325 (319+6) reporting dissatisfaction. Women comprised 202 of the cases, hence constituting the majority of beneficiaries of the productive loans. The dissatisfaction cases appeared to be higher than the satisfaction cases because at any given time a member could only be issued with a single loan for one IGP out of the four provided, hence the ostensibly high dissatisfaction rate.

Productive loans were applied to the cultivation of crops like cow peas under contract farming and commercial soya beans, sugar beans, groundnuts and maize under conservation farming. A portion of the loan portfolio supported livestock projects such as broiler chicken, piggery, traditional chicken and goats. All the crops supported, with the exception of maize, were short-season varieties, meaning they could thrive under climate change. In addition, the crops could undergo value addition, deriving multiplier effects. Most importantly, all crops were low-input suitable for resource-poor small-scale farmers.

Consultative Group for the Assistance of the Poor (CGAP, 2011); Christen and Pearce (2006) posited that agriculture was riskier than industry or trade. In particular, rain-fed agriculture was fraught with covariant risk induced by

climate change (Consultative Group for the Assistance of the Poor (CGAP, 2011); Charitonenko and Campion, Undated; Gaiha and Thapa, 2006). An important element of productive loans was their ability to minimise covariant risk, especially when financing diversification of projects and/or adoption of new technology (Gaiha and Thapa, 2006).

In the case of the FACHIG scheme, there was diversification to embrace off-farm projects such as poultry to increase the regularity of income flows in the light of seasonality of crop incomes. For on-farm projects there was a distinct shift from traditional crops like maize and cotton to low-input, short-season and high-value crops and the adoption of conservation farming technology. The crops and technology resorted to could withstand climate change, giving reasonable yields in the face of inclement weather.

The issue of market distortions and price volatility commonly characteristic of agricultural produce markets was minimised by intense training on topics covering market access, break even analysis, negotiation as well as value addition skills given to clients. This saw smallholder farmers in the scheme extracting fair prices from the various markets, contrary to the usual scenario of unsuspecting farmers being ripped off.

The scheme was immensely contributing to sustainable development as women constituted the majority of its client base for productive loans. Of significance as well was the fact that the scheme's productive loans were assisting smallholder farmers build the necessary risk bearing capacity to manage covariant risk. These factors strongly signified impact of the scheme.

TABLE 4.3B: Frequency of Provident Loans (f=917)

		Responses	
		N	Percent
Loans for consumption	To no extent	886	96.6%
	To some extent	6	.7%
	To a great extent	1	.1%
	To a very great extent	24	2.6%
Total		917	100.0%

The scenario shifted drastically for provident loans where the frequencies were 892 (886+6) for dissatisfaction cases and a paltry 25 (1+24) for satisfaction cases. The few satisfied cases referred to members who obtained consumption loans when FACHIG operated a short-lived provident loan scheme before the economy dislocated in the period 2007-2009.

Provident (consumption) loans were loans drawn for purposes of smoothing consumption as opposed to investing in IGP. Normally, loans were applied to lifecycle needs/events. Lifecycle needs posed idiosyncratic risk which affected a specific individual or household and occurred in the form of illness, death, school fees, theft of livestock etc (Consultative Group for the Assistance of the Poor (CGAP, 2011); Matin et al 2002; Charitonenko and Campion, Undated; Gaiha and Thapa, 2006).

Lack of risk bearing capacity to deal with idiosyncratic risk led to asset depletion. When faced with lifecycle events, households resorted to property disposal, mainly in the form of livestock, to raise the required funds. Neighbours, aware of the impulsive circumstances, would deliberately bid far below market price of the property. Availing provident loans would go a long way to protect households against such uneconomic asset depletion. However, the scheme had since abandoned operating provident loans as depicted in Table 4.3B.

The risk factor for provident loans was high, especially for cash-strapped rural farmers whose income flows were tied to seasonality of crops. In addition, undeveloped rain-fed subsistence agriculture was constantly under threat of climate change. In that vein, savings could buttress borrowers in underwriting provident loans, circumscribing the danger of exposing funds.

Unfortunately, farmers' savings were annihilated by inflation witnessed in the last decade when the country was in the throes of an unprecedented economic turmoil. Rebuilding confidence among depositors and bringing back liquidity to the rural economy were taking long, stalling efforts to resuscitate

the savings component. In turn provident loans could not be reactivated to smooth consumption shocks, dampening impact.

The Table 4.4 taped the attitudes of the respondents on FACHIG microfinance scheme's convenience. The variables tested were deposit and savings services and the levels of interest rates.

TABLE4.4: Respondents Attitudes on Convenience of MFI (f=462)

		Responses		Percent of Cases
		N	Percent	
mfi scheme convenient	Strongly agree	151	32.7%	98.1%
	Agree	30	6.5%	19.5%
	Neither agree nor disagree	209	45.2%	135.7%
	Disagree	25	5.4%	16.2%
	Strongly disagree	47	10.2%	30.5%
Total		462	100.0%	300.0%

The 'Agree' attributes had a superior score of a combined 181 (151+30) cases compared to the 'Disagree' side with 72 (25+47) cases. The 'Neither agree nor disagree' attribute had the highest frequency at 209 cases, a result of short-lived operation of the savings component denying respondents enough experience to appreciate its merits and vice versa. The other attributes tested included the collateralization, loan size and application turnaround and interest rates. Qualitative questions were posed for respondents to give anecdotal explanations of why they felt the way they did on the various attributes, thus qualitatively triangulating questionnaire findings.

The group lending approach enabled resource-poor members to access loans unlike if physical collateral had been adopted. In addition, the dignity of defaulters was safeguarded as there was room for resolving problems amicably in the group without resorting to outside debt collectors. Group lending had mechanisms for members to peer review each other's IGPs, preempting possibility of failure.

For Dotito A and B CHIGs depositing and drawing money were convenient for members who walked to the FACHIG MFI at the nearby township. Although other members travelled long distances, the use of collective banking reduced transaction costs. Leaders frequenting MFIs on routine FACHIG business were used as agency to deposit or draw members' money, increasing convenience.

Respondents considered the loans small, befitting clients' micro IGPs. IGP loan applications were simple consisting of a single form for the whole group, severely cutting on paper trail. On the other hand, applications for provident loans had short turnaround times, ranging from instant to maximum three days. Respondents rated interest rates as affordable and commended in kind repayments as simplifying debt collection in an environment poisoned by galloping inflation.

The feeling of convenience looked stronger than that of lack thereof hence it could be said that FACHIG registered some impact in bringing financial services tailored to the needs and aspirations of clients.

4.3.6..4 FACHIG scheme accessibility to vulnerable groups in society

Research question 1.5.3 required the researcher to delve into whether the FACHIG scheme was accessible to vulnerable groups such as women. Literature review revealed serious discrimination of women in many spheres in the Zimbabwean patriarchy. Thus gender, which had taken centre stage in the modern development discourse, was analysed extensively in this research for impact of the microfinance scheme. The gender distribution of the 154 (44male and 110female) respondents is shown in Figure 4.6;

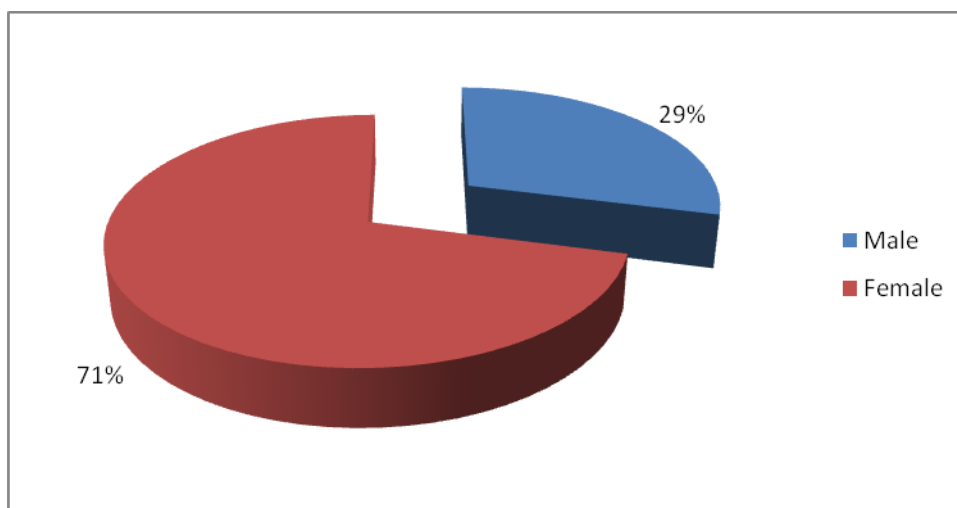


Figure 4.6: Gender of Respondents

The gender distribution of 28.6% male and 71.4% female was consistent with FACHIG's affirmative action policy on membership, stipulating numerical superiority of women at group level. According to Farmers Association of Community self-Help Investment Groups (FACHIG, 2011), 28.8% of the 10 919 participants benefiting from the microfinance scheme were men and the majority 71.2% were women, closely resembled by the sample as depicted in Figure 4.6.

Reaching out to a large number of women with a microfinance scheme in a society with high gender disparities, Gini index increasing from 50% in 1995 to 61% in 2003 (Chiripanhura, 2010), was phenomenal achievement. The rural women of Zimbabwe suffer chronic dispossession of vital resources such as land, cattle and all forms of farm implements, except a hand hoe, severely limiting their ability to independently transact business.

Figure 4.7 was quite revealing on the spousal control of household land in rural Zimbabwe from the findings of the current research;

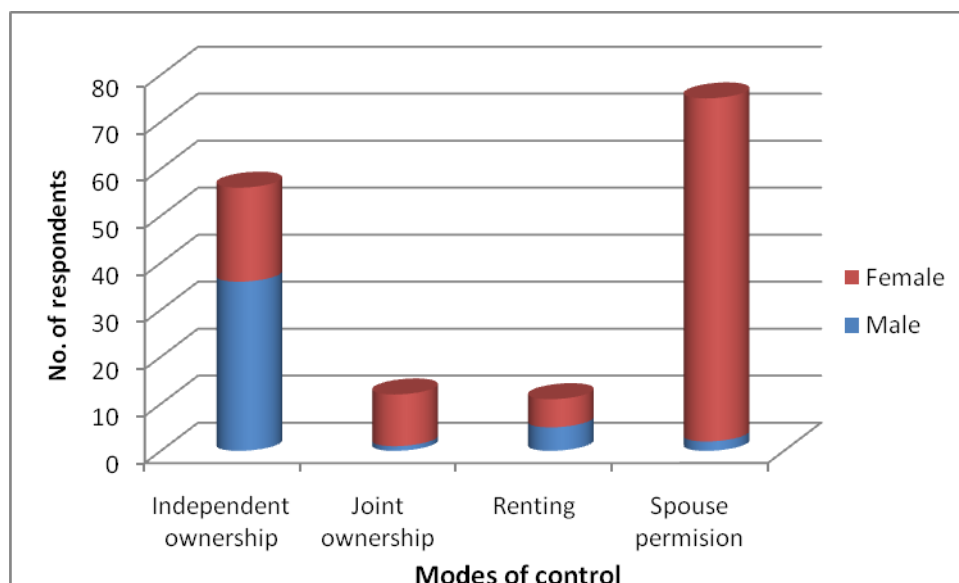


Figure 4.7: Spousal Land Control as Revealed by Research

The majority of women respondents numbering 73 out of 110 (66.4%), answered to no independent control of land as opposed to 81.8% of their 36 out of 44 male counterparts claiming independent control of the resource.

Ostensibly, a reasonable number of women (18.2%) claimed independent control. On further scrutiny it was revealed that most of these women were widows inheriting from their deceased husbands on behalf of growing sons. According to customary law the sons would finally take over as rightful heirs, disinheriting the widows (Villarreal, 2006; Arisunta, 2010).

The asymmetric pattern of dispossession also affected other physical assets of substance like cattle and farm implements. Without assets, women were left in chronic lack of access to other critical services, such as credit.

However, the FACHIG scheme did not discriminate on the grounds of asset endowment, in which case a few, if any women, would have qualified. Instead, for collateral, FACHIG employed the group lending approach which relied on social collateral rather than physical security. The approach allowed broad participation drawing from the poorest of the poor, the medium and the better-off categories (Sustainable Livelihoods Approach Study (SLA 2004). FACHIG scheme had the semblance of financial inclusivity, usually elusive to many

MFIs which ended up with mission drift (moving away from the poor in pursuit of profit motive) (Gonzalez-Vega et al. 1996).

Besides the pro-poor collateral requirements, FACHIG had a borrower-friendly loan application system whereby loan applications were done at group level on a single form signed by all group members for a lump sum IGP loan, avoiding long paper trail. The members would then divide up the lump sum among themselves for individual projects, simplifying loan application procedures.

On the other hand savings-linked loans were applied for individually by the depositor who had flexibility to draw a business or consumption loan. Business loans could involve off-farm activities unlike IGP loans mentioned above, restricted to agricultural projects.

The applications were made to the district Loans Officer who provided tailor-made services suiting each applicant's needs, usually unable to read or write or both. The loans were disbursed instantly where the Loans Officer had sufficient funds from deposits after providing for withdrawals. In the event of shortage of funds the applicant had three days lead time for funds to be available.

A unique feature of the FACHIG scheme was its acceptance of thump print as a form of signature. The clientele usually suffered embarrassment in the hands of conventional banks which required applicants to fill in forms on their own and physically sign without provision for thump print, a tall order, particularly, for literacy-challenged rural women.

The Table 4.5 is illustrative of these assertions as all except only two respondents from the sample affirmed having accessed loans, of which the majority were women;

TABLE 4.5: Access to Loans by Respondents (N=154)

				Gender of Respondent		Total
				Male	Female	
Services Offered by MFIs	Loans	Count	of	43	109	152
		% within Respondent	Gender of	97.7%	99.1%	98.7%
	None	Count	of	1	1	2
		% within Respondent	Gender of	2.3%	.9%	1.3%
Total		Count	of	44	110	154
		% within Respondent	Gender of	100.0%	100.0%	100.0%

4.3.7 Impact measurement using the Sustainable Livelihood Approach framework

Is there any noted expansion in natural capital of participants of FACHIG microfinance scheme?

Research questions 1.5.4 to 1.5.8 required the researcher to investigate whether the FACHIG scheme catalysed the expansion in the five SLA capital bases that is natural, physical, financial, human and social capitals. The following analyses showed to what extent the scheme expanded participants' five capital bases. Expansion of the asset base signified impact while its stagnation or shrinkage meant otherwise.

4.3.7.1 Natural capital

Krantz (2001) defines natural capital as relating to "...the natural resource stocks (soil, water, air, genetic resources, etc.) and environmental services (hydrological cycle, pollution sinks, etc.) from which resource flows and services useful for livelihoods are derived". For a rural farmer whose livelihoods were agriculture based, entitlement to land was critical for survival and economic development.

4.3.7.2 Average land size of sample

Table 4.6: Average household land ownership for the sample (N=154)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1acre	34	22.1	22.1	22.1
2acres	74	48.1	48.1	70.1
3acres	30	19.5	19.5	89.6
4acres	9	5.8	5.8	95.5
Above 5acres	7	4.5	4.5	100.0
Total	154	100.0	100.0	

The Table 4.6 shows that the largest number of households (74 respondents) has access to an average of 2 hectares of land. Literature review also gives the average plot size as 2 hectares for smallholder communal farmers in Zimbabwe. A larger proportion of respondents gave 1 hectare as an average size.

The picture of land ownership coming out from the research mirrors that in literature review where most smallholder farmers are said to own 2 hectares of arable land. This hindered the efforts to commercialise smallholder agriculture. The 2 hectares were suboptimal to carry out even basic agronomic practices such as crop rotation and land fallowing, methods proven to restore fertility to the soil and disrupt life cycles of pests at no cost to the farmer (Chamunorwa 2010; IRIN 2008). Therefore, smallholder farmers were left with no option but to rely on expensive artificial ways of fertilising the soil and controlling pests, putting unnecessary strain on resources hence slowing down the impetus towards commercialisation.

Thus in spite of its pitfalls, including violence and economic recession, the FTLRP A1 model of 5 to 12 hectares was by far an improvement on the smallholder communal landholding system. The A1 model had potential for developing into commercial production as it permitted practising of natural soil fertility methods through crop rotation and land fallowing (Chamunorwa,

2010). However, the FACHIG scheme remained confined to communal areas where subsistence farming was still rife, constricting impact.

Figure 4.6 illustrates how control and access to farming land for the sample stood by gender. A majority (more than 81%) of men from the 44 interviewed claimed customary ownership of land. The 20% women who claimed owning land independently belonged to the “widowed” category, meaning that they inherited from the husband upon his death.

Such ownership was transitory as the women would be required by customary law to cede the land to their male children when they came of age. More than 66.3% of women interviewed claimed access to land through permission of husbands, who culturally had custody over the land on behalf of the household. Increasingly, women claimed parity with their male counterparts as 10% of them reported “joint ownership” of land. The situation was still bleak for households which had men in the scheme as a paltry 2.2% of them reported joint ownership. Though disturbing, some households were accessing land through renting, denoting a dwindling trend.

All the 110 women participating in the survey reported access to land for undertaking agricultural IGPs rather than growing food crops. Cotton, a cash crop, dominated the women IGPs in the early 2000s and contract farming schemes had taken centre stage in current projects. This had raised the women’s status in the household economy where their IGPs were contributing substantially, dismantling the age-old practice of male predominance in family affairs.

Women were no longer at the mercy of husbands for allocation of a field to till. This was summarised by Mrs. Mandivenga who says;

“Gone are the days of the so called ‘women’s crops’, men are increasingly inviting their wives to jointly plan a season’s cropping programme. Cases of women’s crops being relegated to infertile fields and late planting in favour of men’s cash crops are ending” (Translated).

It can be said that the microfinance scheme had impact as women had not only gained increased access to land but had also been empowered by IGPs. Husbands were now recognizing them as joint decision making partners in the home unlike in the past where they were relegated to playing the second fiddle.

4.3.7.2 Physical capital

These were assets in a physical form excluding money and other monetary instruments. There were two classes of physical assets; those capable of generating future wealth (means of production) such as farm implements like ploughs, scotch carts etc and livestock such as cattle, goats, sheep, indigenous chicken and donkeys and household effects such as solid house, household utensils and solar panel or electricity supply, inter alia many others. Physical assets, were discrete, tangible and visible, hence the most discernible expression of impact.

4.3.7.2.1 Livestock

For livestock the purchase of cattle, goats/sheep and indigenous chicken were interrogated and the Tables 4.7, 4.8 and 4.9 showed the position. The results were disaggregated by year the respondent joined the scheme to compare treatment and control groups. Logically, asset endowment was expected to increase with age in the scheme.

TABLE 4.7: Members Managing to Purchase Cattle by Year of Joining FACHIG and by Gender (N=154)

Gender of Respondent				Year of Joining FACHIG				Total
				1999	2007	2009	Other	
Male	Respondents able to buy Cattle with loan	Yes	Count	7	4	2	0	13
			Per cent (%)	41.2%	100.0%	12.5%	.0%	29.5%
		No	Count	10	0	14	7	31
			Per cent (%)	58.8%	.0%	87.5%	100.0%	70.5%
	Total		Count	17	4	16	7	44
			Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Female	Respondents able to buy Cattle with loan	Yes	Count	9	4	1	0	14
			Per cent (%)	24.3%	25.0%	1.8%	.0%	12.7%
		No	Count	27	12	54	2	95
			Per cent (%)	73.0%	75.0%	98.2%	100.0%	86.4%
	3	Count	1	0	0	0	1	
		Per cent (%)	2.7%	.0%	.0%	.0%	.9%	
Total		Count	37	16	55	2	110	
		Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%	
Total	Respondents able to buy Cattle with loan	Yes	Count	16	8	3	0	27
			Per cent (%)	29.6%	40.0%	4.2%	.0%	17.5%
		No	Count	37	12	68	9	126
			Per cent (%)	68.5%	60.0%	95.8%	100.0%	81.8%
	3	Count	1	0	0	0	1	
		Per cent (%)	1.9%	.0%	.0%	.0%	.6%	
Total		Count	54	20	71	9	154	
		Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%	

The 2007 cohort had the largest percentage of 40% followed by that of 1999 at 29.6% and lastly 2009 with 4.2% of respondents answering 'Yes' to having managed to buy cattle. A larger proportion, aggregate 81.8% of the respondents could not afford to buy cattle as they answered 'No' to the question. Cattle constituted a large asset by the standards of the target of the FACHIG scheme which comprised mainly of the poorest segment of the rural population. Thus upward mobility of such people was very slow, particularly when it came to the accumulation of substantive assets, like cattle. The target group was in constant struggle to meet the basic necessities of life, such as securing food.

As expected more people from the treatment group were able to buy cattle than those in the control cohort. However, the statistics gave an interesting picture when viewed from a gender perspective. It was apparent that more males managed to buy cattle than females. The figures for males were as follows; 41.2% in 1999, all (100%) in 2007 and 12.5% in 2009. This was against marginal numbers of females; 24.3% in 1999, 25% in 2007 and 1.8% in 2009.

Culturally, rural Zimbabwe women, suffered dispossession of certain classes of assets like cattle. It was, however, refreshing to note that against customary odds, 14 women could still afford to buy cattle in their own right. Considering the entrenched marginalization of women in all spheres of traditional rural life, attainment of transactional status by women (though the number was proportionately modest) was a step in the right direction, that of achieving sustainable development.

The scenarios for small livestock (see Tables 4.8 and 4.9) were showing an increasing number of members, especially women, being able to afford goats and chickens. This seemed to corroborate the assertion that women shied away from acquiring large livestock (cattle) due to cultural rather than economic considerations.

TABLE 4.8: Members Managing to Purchase Goats by Year of Joining FACHIG and by Gender (N=153)

Gender of Respondent				Year of Joining FACHIG				Total
				1999	2007	2009	Other	
Male	Respondents able to buy Goats with loan	Yes	Count	10	3	1	1	15
			Per cent (%)	58.8%	75.0%	6.3%	14.3%	34.1%
		No	Count	7	1	15	6	29
			Per cent (%)	41.2%	25.0%	93.8%	85.7%	65.9%
	Total		Count	17	4	16	7	44
			Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Female	Respondents able to buy Goats with loan	Yes	Count	29	7	8	0	44
			Per cent (%)	80.6%	43.8%	14.5%	.0%	40.4%
		No	Count	7	9	47	2	65
			Per cent (%)	19.4%	56.3%	85.5%	100.0%	59.6%
	Total		Count	36	16	55	2	109
			Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Total	Respondents able to buy Goats with loan	Yes	Count	39	10	9	1	59
			Per cent (%)	73.6%	50.0%	12.7%	11.1%	38.6%
		No	Count	14	10	62	8	94
			Per cent (%)	26.4%	50.0%	87.3%	88.9%	61.4%
	Total		Count	53	20	71	9	153
			Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%

The figure for 1999 members affording to buy goats was 73.6% compared to 29.6% who managed to afford cattle, which was a very significant difference. Also a notable increase was registered for the 2009 group which had 12.7% of the members affording goats compared to 4.2% who managed cattle, in the same group. Further, a gendered analysis showed female respondents had leapfrogged males in the ownership of goats (80.6% females as compared to 58.8% males). This was in contrast with 24.3% females who could afford to buy cattle against 41.2% males.

The figures showed an even more robust increase for chickens where the 1999 group had 74.1% of the members who could afford to buy indigenous chickens, the 2007 group carrying a 65% while the 2009 group had 19.7% (see Table 4.9). A gendered perspective showed an increasing trend of women affording small livestock as 83.8% of them from 1999 and 21.8% from

2009 managed to buy chickens compared to 80.6% and 14.8% who managed to buy goats from the respective years.

ABLE4.9: Members Managing to Purchase Chickens by Year of Joining FACHIG and by Gender (N=154)

Gender of Respondent			Year of Joining FACHIG				Total	
			1999	2007	2009	Other		
Male	Respondents able to buy Chickens with loan	Yes	Count	9	4	2	1	16
			Per cent (%)	52.9%	100.0%	12.5%	14.3%	36.4%
		No	Count	8	0	14	6	28
			Per cent (%)	47.1%	.0%	87.5%	85.7%	63.6%
	Total		Count	17	4	16	7	44
			Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Female	Respondents able to buy Chickens with loan	Yes	Count	31	9	12	0	52
			Per cent (%)	83.8%	56.3%	21.8%	.0%	47.3%
		No	Count	6	6	43	2	57
			Per cent (%)	16.2%	37.5%	78.2%	100.0%	51.8%
	22		Count	0	1	0	0	1
			Per cent (%)	.0%	6.3%	.0%	.0%	.9%
Total		Count	37	16	55	2	110	
		Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%	
Total	Respondents able to buy Chickens with loan	Yes	Count	40	13	14	1	68
			Per cent (%)	74.1%	65.0%	19.7%	11.1%	44.2%
		No	Count	14	6	57	8	85
			Per cent (%)	25.9%	30.0%	80.3%	88.9%	55.2%
	22		Count	0	1	0	0	1
			Per cent (%)	.0%	5.0%	.0%	.0%	.6%
Total		Count	54	20	71	9	154	
		Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%	

The Tables 4.7, 4.8 and 4.9 showed significant variability in the number of members who could afford to purchase the three cited types of livestock. As anticipated, the research finds that the highest number of members came from 1999 groups followed by those of 2007 with 2009 groups contributing the least numbers in each case. A gendered view also showed a similar trend.

Also making interesting reading was the increasing trend in the number of people, in general and women in particular, who could afford purchasing livestock as one moved in a continuum from cattle to goats and then chickens.

Such an increasing trend was also evident even on the 2009 cohort, which moved from 4.2% for cattle to 12.7% for goats and 19.7% for chickens. What the trend revealed was that by being able to keep a stock of the mentioned classes of livestock, particularly the small ones (goats and chickens), an increasing number of people, including those who joined in 2009, could now secure food and nutrition supplies throughout the year.

Livestock was known to bolster not only household food security but diversified income sources for the rural household (Ersado 2006). To this end, small livestock provided protein needs of the household through slaughter and easily liquidated to cash to meet food and/or other non-food necessities.

The current research findings attested to the microfinance scheme having assisted farmers to secure livestock, which was critical for strengthening livelihoods of rural farmers. In this vein, it can be said that the microfinance scheme achieved a high degree of impact.

4.3.7.2.2 Farm implements

The other class of physical asserts considered invariably necessary for a rural household was farm implements. The following results (see Table 4.10) came out of the research;

TABLE4.10: Members Managing to Buy Implements Disaggregated by Gender (N=110)

Gender of Respondent				Year of Joining		Total		
				FACHIG				
				1999	2009			
Male	Farm Implements	Plough	Count	14	0	14		
			Per cent (%)	56.0%	.0%			
		Harrow	Count	2	0	2		
			Per cent (%)	8.0%	.0%			
		Cultivator	Count	1	0	1		
			Per cent (%)	4.0%	.0%			
		Spray	Count	6	0	6		
			Per cent (%)	24.0%	.0%			
		Wheelbarrow	Count	2	0	2		
			Per cent (%)	8.0%	.0%			
		Hoes	Count	1	0	1		
			Per cent (%)	4.0%	.0%			
		Water pump and horse	Count	3	0	3		
			Per cent (%)	12.0%	.0%			
		None	Count	46	57	103		
			Per cent (%)	184.0%	300.0%			
		Total			Count	25	19	44
		Female	Farm Implements	Plough	Count	15	1	16
Per cent (%)	27.8%				1.8%			
Harrow	Count			2	0	2		
	Per cent (%)			3.7%	.0%			
Cultivator	Count			1	0	1		
	Per cent (%)			1.9%	.0%			
Spray	Count			4	3	7		
	Per cent (%)			7.4%	5.4%			
Wheelbarrow	Count			3	0	3		
	Per cent (%)			5.6%	.0%			
Hoes	Count			7	8	15		
	Per cent (%)			13.0%	14.3%			
Axes	Count			2	5	7		
	Per cent (%)			3.7%	8.9%			
None	Count			128	151	279		
	Per cent (%)			237.0%	269.6%			
Total				Count	54	56	110	

As expected, the 1999 group had the highest count of members who could afford to buy at least one of the identified implements. Of special note was the number that could afford to buy a plough, which was the single largest unit for mechanizing a rural smallholder farm. There were 12 out of 17 men (70.6%) who could afford to buy a plough against 12 out of 37 women (32.4%). Although fewer women were able to buy ploughs than their male counterparts, the number was still materially significant on account of numerous patriarchal biases, hindering them from owning certain classes of assets.

The fact that more members from the older groups managed to buy ploughs, a sizeable number of whom were women, signified impact of the scheme.

Considering that a plough constituted the basic mechanization unit of a rural smallholder farm, securing such an item was a great leap in the transformation of rural agriculture. With cattle providing traction power, a plough drastically cut down on the drudgery of land preparation, speeding up the planting process to maximise crop growth in a climate change context.

In addition, the 1999 group had an expanded range of implements acquired, a clear sign of differentiation and increased commercialization. The high flyers were innovating with micro-irrigation systems, buying water pumps.

However, the 2009 control group dominated in hoes and axes, surpassing older groups. This was proof of the ever-omnipresent urge in people to secure their own food supplies as the hoe constituted the basic tool for agriculture. Also prominent was the gender division of labour as all, except just one, respondents who managed to acquire hoes were women. Hoe tillage and weeding, using a hoe, were largely women's chores while men concentrated on plough tillage.

Evidently, the scheme made impact in assisting members to acquire implements that were necessary to increase rural agricultural productivity through, though rudimentary, mechanization of operations.

4.3.7.2.3 Further purchases

“Further purchases” gave the following results (see Table 4.11);

TABLE 4.11: Further Purchases of Physical Assets by Gender (N=110)

Gender of Respondent				Year of Joining FACHIG		Total
				1999	2009	
Male	Further Purchases	Scotch cart	Count	6	0	6
			Percent (%)	24.0%	.0%	
	Solid house	Count	9	0	9	
		Percent (%)	36.0%	.0%		
	Household effects	Count	20	6	26	
		Percent (%)	80.0%	31.6%		
	Solar panel	Count	6	0	6	
		Percent (%)	24.0%	.0%		
	Other	Count	6	0	6	
		Percent (%)	24.0%	.0%		
None	Count	70	88	158		
	Percent (%)	280.0%	463.2%			
8	Count	8	1	9		
	Percent (%)	32.0%	5.3%			
Total			Count	25	19	44
Female	Further Purchases	Scotch cart	Count	2	0	2
			Percent (%)	3.7%	.0%	
	Solid house	Count	9	0	9	
		Percent (%)	16.7%	.0%		
	Household effects	Count	47	27	74	
		Percent (%)	87.0%	48.2%		
	Solar panel	Count	14	0	14	
		Percent (%)	25.9%	.0%		
	Other	Count	12	1	13	
		Percent (%)	22.2%	1.8%		
None	Count	186	252	438		
	Percent (%)	344.4%	450.0%			
Total			Count	54	56	110

The 1999 group recorded the highest numbers in all types of assets that members could afford under this category. A scotch cart, which provided intermediate means of transport, was quite an expensive investment by smallholder farmers' standards. Therefore to have 8 (5+3) members from the older groups managing to purchase scotch carts was quite significant, more so that 2 of the respondents were women. On the contrary, not a single member of the 2009 group acquired a scotch cart, confirming that it was an overly expensive investment.

A total 18 respondents (15 from 1999 and 3 from 2007) managed to construct a standard dwelling. On a gender dimension, half (9 out of 18) respondents were women.

Heightened contribution of women towards building up of family assets, e.g. solid house, earned them increased bargaining power in the household economy re men. This gave women greater space and autonomy to make choices of which a greater proportion was proven to align with family needs. In contrast, men, under similar circumstances, would selfishly choose items like alcohol ahead of pressing family needs such as children's education (Roy and Tisdell, 2000; United Nations General Assembly (UNGA, 2005); Swain and Wallentin, 2007).

Installation of solar panel and connecting to electricity supply, which were a luxury, was afforded by 19 respondents, (16 from 1999 and 3 from 2007) while control group recorded nothing. A gendered perspective was more revealing as 14 out of 19 respondents (73.7%) in possession of this attribute were women. This further solidified women's foothold in the household for decision-making power.

Under "Household effects" nearly all 1999 members, save for one (51 out of 52 members), answered to affording an item. Additionally, 14 members from 2007 group also managed to purchase household effects, bringing the number from old groups to 65. Of note under the attribute was that 32 members from the new groups of 2009 also afforded to buy items despite

failing to do likewise on all the other attributes. Considering the gender dimension it was apparent that the majority of respondents who managed to acquire household effects were women (47 out of 65- which was 72.3%).

“Household effects” ranged from mere kitchen utensils like plates, pots, dishes and cups among many others to durable items such as beds, sofas and other furnishings and electrical goods, from anecdotal evidence. Without any probing members from older groups proudly listed the household effects which mainly comprised of durable items, boasting “Mapoto nendiro hazviturwe” meaning “Needless to mention pots and plates” (Translated). On the other hand, members from 2009 groups shyly mentioned that they could only afford small items like pots and plates. Nevertheless, this indicated that they were already taking the first step of accumulating assets, logically starting with small items.

In the questionnaire “Other” was not defined but 18 treatment group respondents, of whom 66.7% were women, mentioned either durable household goods or inputs from anecdotal evidence under this variable. This is clear manifestation of women having gained pre-eminence in household economy, ensuring sustainable development

4.3.7.2.4 Chi-square test for physical capital formation

Chi-square tests attribution i.e. plausible association between observed change (expansion of the asset base) and the microfinance intervention (Enterprising Solutions Global Consulting, 2004). A Chi-Square value greater than 0.05 (5%) denotes no relationship while the converse is true.

TABLE 4.12: Summary of Physical Capital Impact Findings

Impact Variable		Treatment Group	Control Group	Pearson Chi-Square	Statistical Significance
Livestock	Cattle	34.80%	4.20%	.000	Yes
	Goats	61.80%	12.70%	.000	Yes
	Chicken	69.55%	19.70%	.000	Yes
Farm Implements		179.10%	30.40%	.048	Yes
Further Purchases		353.50%	81.60%	.005	Yes

The statistics showed that chi-square values of the variables were less than 0.05, depicting a high magnitude of association. Association was further magnified considering the luxury nature of some variables, for example solar panel or differentiation epitomised by scotch cart. Of equal importance was the rising pre-eminence of women in the household economy, bolstering sustainable development.

4.3.7.3 Financial capital

Financial capital consisted of money as cash holdings or monetary instruments like deposits, investments and loans. Cash resources commanded determined affordability and quality of education for children and health and nutrition for the family. The Table 4.13 demonstrates financial endowments of the two groups;

4.3.7.3.1 Members operating a savings account

The Table 4.13 showed the number of respondents by year of joining the scheme that operated a savings account;

TABLE 4.13: Combined Deposit Accounts Held with Banks and MFIs by Year of Joining the Scheme (N=154)

			Year of Joining FACHIG				Total
			1999	2007	2009	Other	
Highest savings achieved	Below ZW\$25 000	Count	17	3	4	0	24
	ZW\$25 000-ZW\$50 000	Count	4	1	1	0	6
	ZW\$50 000-ZW\$75 000	Count	9	0	2	0	11
	ZW\$75 000-ZW\$100 000	Count	0	0	1	0	1
	ZW\$100 000-ZW\$125 000	Count	5	0	4	0	9
	ZW\$150 000-ZW\$175 000	Count	2	0	0	0	2
	ZW\$175 000-ZW\$200 000	Count	1	1	1	1	4
	Above ZW\$200 000	Count	11	8	6	3	28
	None	Count	41	22	120	14	197
	Forgotten	Count	13	2	0	0	15
Total		Count	54	20	71	9	154

A combined total of 100 bank and MFI savings accounts were held by the respondents. Of these 77 belonged to the treatment group and 23 to control group. The fact that the treatment group could afford social services better than the control groups was further testimony of bigger surpluses realised.

4.3.7.4 Human capital

Human capital comprised skills, knowledge, education, health, nutrition, ability to labour and capacity to adapt possessed by household members, which were important for the successful pursuit of different livelihood strategies (Scoones 1998; Krantz 2001; FAO 2011, Serrat 2008; Mbabazi 2011). In short, it was the abilities of people to transform the other assets (natural, physical, financial and social) into commodities and income.

4.3.7.4.1 Services members were able to afford

The availability of money on a person was manifested in the quality of services that the person could afford for his children and family, besides holding hard cash at home or in the bank.

4.3.7.4.1.1 Educational services

For schooling the yardstick for rural people was the ability to send children to mission boarding secondary schools. However, this was a far cry as smallholder farmers still found it difficult to afford day secondary schools in their vicinity where dropout rates and failure to sit examinations were rampant.

The Table 4.14 shows how the two groups fared on affording day school fees;

TABLE 4.14: Capability to Send Children to Day Schools by Year of Joining FACHIG (N=154)

			Year of Joining FACHIG				Total
			1999	2007	2009	Other	
Children Send Day Schools	Strongly agree	Count	49	18	41	4	112
		Per cent (%)	90.7%	90.0%	57.7%	44.4%	72.7%
	Agree	Count	2	0	10	1	13
		Per cent (%)	3.7%	.0%	14.1%	11.1%	8.4%
	Neither agree nor disagree	Count	0	0	3	3	6
		Per cent (%)	.0%	.0%	4.2%	33.3%	3.9%
	Disagree	Count	1	0	8	1	10
		Per cent (%)	1.9%	.0%	11.3%	11.1%	6.5%
	Strongly disagree	Count	2	2	9	0	13
		Per cent (%)	3.7%	10.0%	12.7%	.0%	8.4%
Total	Count	54	20	71	9	154	
	Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%	

The research finds that above 90% of treatment group respondents were able to send their children to day secondary schools against less than 60% for the control group. The tenuous situation of the control group was exacerbated by the fact that it joined the scheme at a time of volatile macroeconomic environment, characterised by galloping inflation. On the other hand, the old members had a solid asset base with which they were able to build some resilience to tide them over the crisis.

In Zimbabwe boarding places were expensive, particularly for irregular income earners like rural farmers depending on seasonal incomes. Despite the noted

handicap, 11 members from treatment group managed to send their children to boarding schools against one respondent from the control group, clearly manifesting impact.

4.3.7.4.1.2 Medical services

For health services rural people relied on Government clinics providing free services. Government hospitals cost more in transport and hospital fees. The costs escalated when private medical institutions were visited. The research finds that above 95% of the treatment group respondents could afford to visit Government hospitals against over 70% for control group.

TABLE 4.15: Capability to Send Family to Public Hospitals by Year of Joining FACHIG (N=154)

			Year of Joining FACHIG				Total
			1999	2007	2009	Other	
Family Afford Public Hospitals	Strongly agree	Count	49	17	30	4	100
		Per cent (%)	90.7%	85.0%	42.3%	44.4%	64.9%
	Agree	Count	3	2	20	2	27
		Per cent (%)	5.6%	10.0%	28.2%	22.2%	17.5%
	Neither agree nor disagree	Count	0	0	0	2	2
		Per cent (%)	.0%	.0%	.0%	22.2%	1.3%
	Disagree	Count	0	0	9	0	9
		Per cent (%)	.0%	.0%	12.7%	.0%	5.8%
	Strongly disagree	Count	2	1	12	1	16
		Per cent (%)	3.7%	5.0%	16.9%	11.1%	10.4%
Total		Count	54	20	71	9	154
		Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%

A total of 32 treatment group respondents reported affording private hospitals against 5 from the control group. Mission hospitals' charges, unlike boarding schools, were subsidized improving affordability.

Different training disciplines had results as shown in Tables 4.16 and 4.17;

TABLE 4.16: Microfinance Training Disaggregated by Year of Joining the Scheme (N=154)

				Year of Joining FACHIG				Total
				1999	2007	2009	Other	
Human capital microfinance	Strongly agree	Count	31	7	24	4	66	
	Agree	Count	4	1	8	0	13	
	Neither agree nor disagree	Count	0	0	0	2	2	
	Disagree	Count	7	1	17	1	26	
	Strongly disagree	Count	66	31	93	11	201	
Total		Count	54	20	71	9	154	

Table 4.17 showed negative attributes “Disagree” and “Strongly disagree” as dominant, dwarfing the positive ones by a wide margin. There was no clear distinction coming out between treatment and control groups. The demise of savings component drastically narrowed entrepreneurship options and hence variability of investment and portfolio management skills required to warrant training.

Perhaps lack of training explained the low pace with which the members were responding to the resuscitation of the savings component. This was exacerbated by paranoia of the people to the banking system after their lifelong pensions and deposits were irretrievably wiped out in the era of economic upheaval.

The other area of training covering technical aspects presented the results in Table 4.17;

TABLE 4.17: Other Technical Training Disaggregated by Year of Joining FACHIG and by Gender (N=154)

Gender of Respondent				Year of Joining FACHIG				Total
				1999	2007	2009	Other	
Male	Other Training FACHIG	Strongly agree	Count	10	4	2	1	17
			Per cent (%)	58.8%	100.0%	12.5%	14.3%	38.6%
		Agree	Count	0	0	1	0	1
			Per cent (%)	.0%	.0%	6.3%	.0%	2.3%
		Disagree	Count	4	0	8	0	12
			Per cent (%)	23.5%	.0%	50.0%	.0%	27.3%
		Strongly disagree	Count	3	0	5	6	14
			Per cent (%)	17.6%	.0%	31.3%	85.7%	31.8%
		Total	Count	17	4	16	7	44
			Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Female	Other Training FACHIG	Strongly agree	Count	30	14	31	0	75
			Per cent (%)	81.1%	87.5%	56.4%	.0%	68.2%
		Agree	Count	0	0	1	0	1
			Per cent (%)	.0%	.0%	1.8%	.0%	.9%
		Neither agree nor disagree	Count	0	0	0	1	1
			Per cent (%)	.0%	.0%	.0%	50.0%	.9%
		Disagree	Count	2	1	9	0	12
			Per cent (%)	5.4%	6.3%	16.4%	.0%	10.9%
		Strongly disagree	Count	5	1	14	1	21
			Per cent (%)	13.5%	6.3%	25.5%	50.0%	19.1%
Total	Count	37	16	55	2	110		
	Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%		
Total	Other Training FACHIG	Strongly agree	Count	40	18	33	1	92
			Per cent (%)	74.1%	90.0%	46.5%	11.1%	59.7%
		Agree	Count	0	0	2	0	2
			Per cent (%)	.0%	.0%	2.8%	.0%	1.3%
		Neither agree nor disagree	Count	0	0	0	1	1
			Per cent (%)	.0%	.0%	.0%	11.1%	.6%
		Disagree	Count	6	1	17	0	24
			Per cent (%)	11.1%	5.0%	23.9%	.0%	15.6%
		Strongly disagree	Count	8	1	19	7	35
			Per cent (%)	14.8%	5.0%	26.8%	77.8%	22.7%
Total	Count	54	20	71	9	154		
	Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%		

The treatment groups gave the highest count of members trained at 82% (average 74.1 and 90%) against less than 50% for control group. Agricultural IGPs were either accompanied by training or refresher courses, giving treatment group more exposure. This translated to a bigger repository of technical competency to run IGPs, enabling members to compose the other asset bases into sustainable livelihoods (Bebbington 1999).

A gendered perspective denoted higher turn up of women than men for training. In 1999 turn up was 81.1% for women against 58.8% for men, pulling back the overall attendance to 74.1%. Similarly, 56.4% women attendance was registered for the 2009 group against men's 12.5%, also reducing overall attendance to 46.5%. Thus there was proportionately higher human capital stock in women than men, underpinning sustainable development.

As elaborated elsewhere in the report, treatment groups increasingly afforded education for their children and medication and nutrition for their families. With reduced sickness-related downtime due to improved health and caloric intake, treatment families were able to produce labour to a standard commensurate with gainful employment of putting up at least 200 days of productive work in a year (Scoones 1998).

4.3.7.4.1.3 Food security

The picture painted was further illuminated when taken in conjunction with Table 4.18 showing food security achieved since members joined FACHIG;

TABLE 4.18: Food Security Status for the Whole Year Disaggregated by Year of Joining FACHIG (N=154)

				Year of Joining FACHIG				Total
				1999	2007	2009	Other (Specify)	
Food Security Year Round	Strongly agree	Count	40	16	37	5	98	
		Per cent (%)	74.1%	80.0%	52.1%	55.6%	63.6%	
	Agree	Count	7	0	8	0	15	
		Per cent (%)	13.0%	.0%	11.3%	.0%	9.7%	
	Neither agree nor disagree	Count	0	0	1	2	3	
		Per cent (%)	.0%	.0%	1.4%	22.2%	1.9%	
	Disagree	Count	3	0	9	1	13	
		Per cent (%)	5.6%	.0%	12.7%	11.1%	8.4%	
	Strongly disagree	Count	4	4	16	1	25	
		Per cent (%)	7.4%	20.0%	22.5%	11.1%	16.2%	
Total	Count	54	20	71	9	154		
	Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%		

The research finds that 87% for 1999, 80% for 2007 and 63.4% for 2009 respondents were food secure throughout the year since joining the scheme.

4.3.7.4.1.4 Chi-square test for human capital formation

The Chi-Square Test results for human capital formation are shown in Table 4.19;

Table 4.19: Summary of Human Capital Impact Findings

Impact Variable		Treatment Group	Control Group	Pearson Chi-Square	Statistical Significance
Education	Day Secondary	91.2%	70.6%	.001	Yes
	Boarding Secondary	11.5%	1.3%	.009	Yes
Health	Public Hospital	92.4%	72%	.000	Yes
	Private Hospital	41.8%	6.6%	.000	Yes
Training	Microfinance-FACHIG	55.7%	44%	.151	No
	Microfinance-Other Org.	1.3%	1.3%	.152	No
	Technical-IGP	74.7%	56.7%	.001	Yes

The tested indicators pointed to the accumulation of human capital as a result of the scheme with most Chi-squares being below 0.05. Microfinance training showed negative results for the reasons stated elsewhere in the report. Furthermore, disaggregated data put more women as receiving training than men, laying a solid foundation for sustainable development.

4.3.7.5 Social capital

According to Scoones (1999) and Bebbington (1999) social capital comprised social resources encompassing norms (such as trust and shared values) and networks (such as social claims, social relations, affiliations, associations and coalitions) upon which people drew to facilitate collective action when pursuing different livelihood strategies.

The definition isolated two forms of social capital, one linked to norms of trust and reciprocity, known as bonding social capital and the other related to networks called bridging social capital.

Thus questions were framed to test evidence of the accumulation of the two forms of social capital, which yielded the results in Tables 4.21, 4.22 and 4.23);

4.3.7.5.1 Bonding social capital

In the context of this research bonding social capital denoted intra-group and inter-group interaction of FACHIG solidarity groups.

4.3.7.5.1.1 Holding of regular group meetings

Meetings provide platform for interaction of people, cementing relationships through building of trust and developing and nurturing common values. Regular meetings increased bonding social capital and Table 4.21 shows the pattern of such meetings for the treatment and control groups

TABLE 4.20: Holding of Regular Group Meetings by Year of Joining FACHIG (N=154)

			Year of Joining FACHIG				Total
			1999	2007	2009	Other	
Regular Group Meetings	Strongly agree	Count	46	18	30	7	101
		Per cent (%)	85.2%	90.0%	42.3%	77.8%	65.6%
	Agree	Count	6	2	15	0	23
		Per cent (%)	11.1%	10.0%	21.1%	.0%	14.9%
	Neither agree nor disagree	Count	0	0	0	1	1
		Per cent (%)	.0%	.0%	.0%	11.1%	.6%
	Disagree	Count	1	0	3	0	4
		Per cent (%)	1.9%	.0%	4.2%	.0%	2.6%
	Strongly disagree	Count	1	0	23	1	25
		Per cent (%)	1.9%	.0%	32.4%	11.1%	16.2%
Total	Count	54	20	71	9	154	
	Per cent (%)	100.0%	100.0%	100.0%	100.0%	100.0%	

A total of 96.3% of the respondents from the 1999 groups and 100% from 2007 groups reported holding regular meetings against 63.4% from newer 2009 groups. Thus there was increased interaction among members from older solidarity groups than from newer groups. Bonding social capital, being a function of intra-group interaction, was accumulated as a result of the group meetings held regularly.

The process of interaction heightened mutual trust among the solidarity group members as corroborated by secondary data showing high loan repayment rates of over 95% (Farmers' Association of Community self-Help Investment Groups (FACHIG 2008-2010). It meant members vouched for each other's debts, reflecting mutual trust and hence bonding social capital.

4.3.7.5.1.2 Intra-and Inter-group interactions

For intra- and inter-group bonding social capital, Table 4.21 illustrates the results presented by year of joining the scheme;

TABLE 4.21: Bonding Social Capital Disaggregated by Year of Joining FACHIG Scheme (N=154)

			Year of Joining FACHIG				Total
			1999	2007	2009	Other	
Social capital within group	Strongly agree	Count	86	38	61	12	197
	Agree	Count	19	2	26	1	48
	Neither agree nor disagree	Count	1	0	0	3	4
	Disagree	Count	2	0	10	0	12
	Strongly disagree	Count	0	0	44	2	46
Total		Count	54	20	71	9	154

Questions testing for bonding social capital included checking whether solidarity group members were finding it easy to approach colleagues seeking assistance, advice and sharing information (formal or informal interactions). In addition, interaction of solidarity groups laterally, for peer reviews and vertically, with higher level Community self-Help Investment Groups (CHIGs) demanding services, feedback and counsel, was tested.

The Table 4.22 is illustrative of the results which showed the treatment groups had a higher count of 145 (86 +19 +38 + 2) on the “Strongly agree” and “Agree” continuum as opposed to just a 2 on the other side, the “Strongly disagree” and “Disagree” attributes. On the other hand, the control group recorded 87 (61 + 16) on the positive side against 54 (10 +44) on the negative side. Considering that the totals from the old respondents (74 people) was almost equal to the new ones (71 people), it could be said that bonding social capital was weaker in the control group than the treatment one.

In that respect, the scheme made reasonable impact especially noting that collateralization of the scheme was based on the group approach rather than physical assets. Thus norms of trust and reciprocity, which were the bedrock of bonding social capital, were cultivated by the scheme through providing the platform for constant interaction (Woolcock, 2000).

4.3.7.5.2 Bridging social capital

Also tested was the accumulation of bridging social capital which was essentially connectedness of MFI structures to the three spheres of state (extension and veterinary services, subsidized inputs and policy and regulation), markets (input and product markets, contract farming and out-grower schemes) and civil society (like-minded organizations to build coalitions and alliances, donors and other funding agencies) (Woolcock, 2000; Churchill and Frankiewicz 2005).

4.3.7.5.2.1 Interaction between solidarity group and external institutions

The picture in Table 4.22 emerged from the data collected;

TABLE 4.22: Bridging Social Capital Disaggregated by Year of Joining FACHIG (N=154)

			Year of Joining FACHIG				Total
			1999	2007	2009	Other	
Social capital for networking	Strongly agree	Count	119	57	54	10	240
	Agree	Count	33	10	35	4	82
	Neither agree nor disagree	Count	9	2	2	4	17
	Disagree	Count	27	6	67	2	102
	Strongly disagree	Count	28	5	126	16	175
Total		Count	54	20	71	9	154

The results showed 219 (119 +33 +57 + 10) treatment respondents were aware that MFI structures had connections to outside networks compared to 89 (54 + 35) control respondents. On the other hand, 61 (27 + 28 + 6 + 5) treatment respondents were unaware as compared to 193 (67 + 126) from control group. This illustrates impact of the scheme as it helped in building up of bridging social capital linking to external resources such as credit, information, extension services, contract farming and new technology among many others.

4.3.7.5.3 Chi-square test for social capital formation

These results are further corroborated by the Chi-Square Test below;

Table 4.23: Summary of Social Capital Impact Findings

Impact Variable		Treatment Group	Control Group	Pearson Chi-Square	Statistical Significance
Holding regular group meetings		96.2%	64%	.000	Yes
Interaction within FACHIG structure	Assistance from group members	96.2%	62.6%	.000	Yes
	Advice from group members	96.2%	61.3%	.000	Yes
	Assistance from other FACHIG groups or CHIG	82.3%	26%	.000	Yes
Interaction with outside Institutions	Assistance government local field worker	81%	46.6%	.000	Yes
	Assistance government district offices	54.5%	17.3%	.000	Yes
	Assistance other organizations	74.7%	34.7%	.000	Yes

The Chi-Squares were below 0.05, pointing to a strong association between social capital enhancement and the microfinance scheme, signifying impact.

4.4 Qualitative Data Analysis

Research question 1.5.9 implied that the researcher carried out participatory wealth ranking to determine whether participants of the FACHIG scheme experienced upward poverty mobility. The overarching aim of including the qualitative study was to triangulate the results to those produced by the surveys described in section 4.3. The triangulation of qualitative findings to quantitative ones would strengthen the outcomes of the study.

Qualitative data analysis essentially involved making sense of qualitative data collected on interview transcripts for FGDs, KIs and observational transects.

The FGDs, KIIs and field observation transcripts were transcribed into more readable texts before subjecting them to analysis.

KIIs were used to generate wealth ranking data for the members of the MFI. Wealth ranking, covering a total of 17 KIIs, produced massive data which required extensive synthesis to bring it to an analyzable state. The use of tables and graphs helped to summarise this data, making it comparable. It was after the data was reduced to a structured form that analysis and interpretation could be done.

Field observational transects were carried out by the researcher either before or after the questionnaire surveys, KIIs and FGDs to give independent insights of the population under study. The observational transects helped the researcher to understand the economic milieu of the population; its markets, off-farm options and the rainfall pattern by observing the performance of crops in the fields.

In carrying out the research there was a latent assumption that the scheme had accrued some benefits to the members since it was an economic activity. Based on this assumption, FGDs were used to collect data related to how the benefits were shared and distributed between men and women. Gender was problematic to rural development and it would make interesting reading how the MFI tackled it. Thus gender disaggregated data was collected, synthesised, analysed and interpreted. It was important to gauge whether MFI activities were progressive, empowering women or retrogressive, further entrenching and reinforcing existing disparities between women and men.

Comparisons, which were a key element of data analysis, were conducted in an iterative manner between the different data collection methods. For instance, field observational notes were compared to interview data as it was generated, simultaneously cross-checking its authenticity. Similarly, cross-checking could also happen between FGD and KII data or between both KII or FGD data and survey data. The iterative dimension, providing authentication mechanism, greatly enriched data collected.

The researcher adopted analytic induction as the qualitative data analysis method. Analytic induction allowed for the generation and development of themes from qualitative data that build into a coherent explanation of phenomenon, which in the current research was impact of microfinance (Gilgun, 2002; Thomas, 2003; Smelser and Baltes, 2001).

This method was selected as it was more straightforward and hence simpler to apply than the other traditional methods belonging to grounded theory. The other traditional methods had complexities in usage that could only be simplified by computer-based packages, which the researcher did not have access to (Thomas, 2003; Smelser and Baltes, 2001).

4.4.1 KII analysis

The major test for impact was to check whether, in their own understanding and lived experience, the respondents had noted any accumulation of wealth, imputable to the MFI. To answer this question the key informants were taken through a wealth ranking exercise, essentially a process of stratification of households into their socio-economic categories relative to each other, using agreed common criteria (Sontheimer et al, 1999).

The starting point of the wealth ranking exercise was the interrogation of respondents' understanding of wealth and its converse, poverty, in their own local setting. The process involved the key informants defining wealth and poverty and their determinants, based on their local perceptions. In all 18 KIIs were conducted (10 treatment and 8 control groups).

Table 4.24 depicts the findings that came out of the KIIs;

TABLE 4.24: Socio-Economic Classes of Seventeen KIIs

Socio-economic group	Indicators					
	Livestock	Implement s/Other assets	Homestead	Education	Health	Source of Income/livelihood
1) Richest <i>Hurudza</i> - Local entrepreneur	-Cattle: 20 and above -Goats, sheep and chicken: <i>Fararira</i> euphemism for “Countless” (translated)	-Ox-plough: 3 or more -Scotch cart: 2 or more -Water cart: 1 at least -Other: (cultivator, harrow, ox-drawn planter)	-5-roomed house or bigger -Granary (big) for storing grain/cereal -Latrine: 2-hole or bigger with bathing area	Children send to boarding schools	Family goes to private hospitals	Very diversified -Grow both food and cash crops at a semi commercial scale -Livestock sales -Sole trader (shop and/or grinding mill -Small transport business -Operates a bank account throughout the year
2) Medium rich	-Cattle: 10-19 -Goats, sheep and chicken: many	-Ox-drawn plough: 2 -Scotch cart: 1 -Other: (cultivator)	-3-4-roomed house -Granary -Latrine: 2-hole	-Boarding school reserved for intelligent children only -Day school for rest of the children	-Private hospitals for extremely serious cases -Public hospitals for other cases	Diversified -Grow food and cash crops to a lesser degree -Livestock sales -Operates a seasonal bank account
3) Rich	-Cattle: 4-9 -Goats, sheep and chicken: “Zvinoverengeka” meaning “Just a few” (Translated)	-Ox-drawn plough: 1 -Scotch cart: 1 old (‘mutenda w-asika’) vernacular euphemism for “One breathes a sigh of relief	-2-roomed (kamutayanshure) literally (small roof draining from the back) vernacular for (flat roof) -Granary	Day schools	Public hospitals	-Grows enough food -Grows one cash crop on small area -Sells small livestock (goats and chickens) -Operates a bank account seasonally in good years

		when one goes and comes back without having a breakdown on the cart” (Translated) -Other: (Nothing)	(small) -Latrine: 1-hole			
4) Poor	-Cattle: 2-3 -Goats, sheep and chicken: two, three (Translated) which means few	-Ox-drawn plough: 1 -Other: (Nothing)	-3 brick round huts with thatch roof -Granary-makeshift -Latrine: 1-hole with thatch or no roof	Day schools-children regularly send home for school fees, cannot go past four years secondary education	Public clinics	-Grows food but struggles with food supplies two or so months to the end of the year -Can seldom sell small livestock especially chicken
5) Medium poor	-Cattle: 1 -Goats, sheep and chicken: 1 or 2 goats and just a few chickens	-Ox-drawn plough	-2 mud huts with grass thatch	Children dropout at secondary	Public clinic -struggle and augments with traditional methods -Sometimes gives birth at home	-Grows food crops but only manages small yield -Has fewer months' supply of food in the year -Seldom sells chicken -Does “Maricho” (Vernacular for Piecework) to augment food and income -Children, especially girls are employed as house maids -Early marriages especially for girls

6) Poorest	Does not even own a single chicken. 'Does not even own a sewing needle' (Translated) a euphemism for abject poverty	Nothing	-1 mud hut	Dropout at primary	Use traditional methods-give birth at home	-Perennially does maricho -Children; boys are employed as herd boys by families in rich categories; and girls as house maids -Early and sometimes arranged marriages for girls
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Source: POFOR, (Undated)] (Adapted)

Each KII, through a less directive interviewing style, generated its own indicators of wealth and poverty according to its own understanding of the socio-economic circumstances of the community in which it lived (Hargreaves et al 2007; PROFOR, Undated). Invariably, indicators named included ownership of livestock (principally cattle), a large solid house, means of transport (scotch cart and water cart) and farm implements (ox-drawn plough, cultivator, ox-drawn harrow and ox-drawn planter).

Also mentioned besides ownership of these assets was the ability to grow enough food supplies for the whole year for the “hurudza” rich, (Translated). However, hardly did the KIIs give income/cash as a measure of wealth or poverty. Rather, proxy indicators were used such as the ability to send children to boarding schools and family to private hospitals and possession of a bank account.

The KIIs were then asked whether they would assign all the people considered rich from their area to a single category and, in like vein, those considered poor. The question generated a lot of debate in all KIIs as members tried to construct and develop a matrix depicting both wealth and poverty strata. Interestingly, all 18 KIIs, save for one, came up with a six-fold classification matrix resembling Table 4.25. The only odd group gave a very low cut off threshold for the ‘Richest’ category’s cattle holdings at five cows compared to average of twenty cited by the majority of groups. Having set its

top threshold very low it only managed to generate a four-fold classification constituting two wealth and also two poor strata.

The debates mainly centred on setting the thresholds for cattle holdings for the top 'Richest' category for which a majority of KIIs (seven) set a figure of more than twenty cows. The following was the distribution of KIIs according to the threshold of cattle holdings set for the 'Richest' category, see Table 4.22;

TABLE4.26: Distribution of Top Category Cattle Thresholds

Cattle Thresholds for 'Richest' Category	Number of FGDs Citing Threshold
5+	1
10+	5
15+	1
20+	7
25+	1
30+	3

Using a weight of 3 on the number of KIIs citing a particular threshold gave a weighted average threshold of 18.05556, to the nearest decimal 18. Looking into all the thresholds, 20+ was apparently the one closest to 18, the derived weighted average. When constructing the matrix in Table 4.26 the 20+ cattle holding threshold was therefore adopted as the lower cut off of the 'Richest' category, making the choice non arbitrary. The fact that the KIIs took cattle as a key indicator of wealth cannot be overemphasised, telling from the painstaking attention the participants gave to this attribute. Once the cattle indicators were settled, everything else was clear sailing, with minor variability across the KIIs on other variables.

For the top poverty stratum (4), 2-3 cattle were inserted for the argument that it was possible, with a combination of hard work and good luck, for someone to either gain one cow to graduate to the next rank (bottom rich [3]) or, in similar fashion, a person owning two cows, with slight disturbance, could lose one and slide to the middle poor stratum (5).

An important determinant for one to fit within the three wealth strata was the fact that one was not seen going to neighbours to beg for anything like scotch cart, cattle for traction and any implements and let alone food. However, occasional borrowing for cash did occur mainly to smooth consumption pattern, particularly for lifecycle events like illness or death in the family.

Culturally, the people in the communities surveyed, tied together by strong kinship bonds (a form of social capital described elsewhere), usually relied on begging from neighbours for access to assets such as scotch carts and oxen, ownership of which was unthinkable for the poor categories. The practice of begging was highly condoned as the condition of being rich or poor was seen as transitory and determined by fate. This naturally imposed a duty on those who were rich today to share with their poor colleagues as the future was unpredictable. The respondents aptly used a 'pool' and a 'bridge' as the euphemisms for 'rich' and 'poor' respectively in which they said "yesteryear's 'pools' (rich people) were today's 'bridges' (poor people)" and vice versa, demonstrating easy of ascent and descent between the two broad categories.

Having defined poverty and wealth in their own local terms, KIIs were asked to churn out their own indicators of wealth. Using those indicators the KIIs were able to construct a six-fold wealth/poverty classification matrix. The KIIs were then asked to rank the treatment and control groups into the created 6 categories. Before slotting the groups into the appropriate ranks the KII was interrogated to name the MFI groups in the vicinity and their tenure in MFI, together with other ancillary information about the group. This probe was done to elicit whether the KII was knowledgeable of the MFI members in their area for them to qualify as key informants on their wealth status.

The participants' responses to the familiarity probes showed that KIIs had a high degree of acquaintance with fellow groups and the general membership. They could easily name the groups, their leaders and their exact location in the village. The KIIs acknowledged frequent interaction occasioned by joint training sessions, periodic zone meetings, field days and intergroup exchange

visits as contributing factors to the improved acquaintances among and between groups in particular and members in general.

Having been convinced of the KIIs' capacity to play the key informant role as expounded by Grandin, (1988) in her pioneering work on participatory wealth ranking, the researcher then put it to the KIIs to rank the old and new groups into their respective socioeconomic categories. The research finds the results shown in Table 4.26;

TABLE 4.26: Ranking of Groups into Socioeconomic Categories by Year of Joining the Scheme

Year	Categories					
	1) Richest	2) Medium Rich	3) Rich	4) Poor	5) Medium Poor	6) Poorest
1999		14, 15 (a bit) Total 2	1, 2, 4, 5, 6, 8, 9, 11, 12, 13, 16, 15 (a bit), 17 Total 13	3, 7, 10 4 (Group itself) Total 3		
2007		1 Total 1	3, 10, 14 Total 3			
2009				1, 3, 4, 5, 6, 8, 10, 11, 12, 13, 15, 16, 17 Total 13	7, 9, 14 Total 3	2 Total 1

Each KII was assigned a number between 1 and 17 and its rankings were slotted into the indicated categories against the years of joining the scheme by entering the assigned FGD number in the appropriate rank. As can be viewed in Table 4.26 a pattern emerged where many treatment groups were clustered in the bottom 'Rich' category, with most control groups slotted in the upper 'Poor' rank. Furthermore, no treatment groups were slotted in the bottom two poor strata but a trend of groups entering the 'Medium' rich stratum could be seen developing. A few treatment groups lagged in the

upper 'Poor' stratum. On the other hand, no control groups had yet trended into the rich territory. Instead, a few of them were still occupying the two bottom poor categories.

What the results meant was that there was upward poverty mobility in which there was ascent along a continuum from the lower poverty ranks to the upper poverty and medium rich categories (Ali 2002; Sulaiman, 2006). It should be borne in mind that when recruiting members to the scheme FACHIG used criterion which, among other things, considered vulnerability of candidate. In this vein, members entered the scheme usually as category 6 and, to lesser extent, category 5 candidates, see Table 4.26. Both category 5 and 6 candidates were economically active, differing in asset holdings in which the category 6 situation was abject but possessing the ability to labour.

According to Table 4.26 the scheme managed to push members from the treatment groups 3 or 4 rungs up into categories 3 and 2 from categories 6 and 5. On the other hand, the control groups managed to transcend either 1 or 2 rungs into categories 4 and 5 from categories 6 and 5.

In terms of socioeconomic stratification, as depicted in Table 4.26, the scheme had assisted members from treatment groups to accumulate assets such as cattle, ploughs, scotch carts, construction of solid house, small livestock (goats and chickens), among many others, shown in categories 3 and 2 from, in some cases, nothing (category 6) or just a few assets and belongings (category 5). Others could now even boast of affording to send children to boarding schools and family to private hospital (category 2).

Mrs Chirikure has this to say;

"If you joined FACHIG in 1999 and you still talk of hunger then something must be fundamentally wrong with you. In all fairness you need to be counting how many spans of oxen you now have, not to mention ox-drawn ploughs and other implements and you can't still be going about begging for a scotch cart whenever you want to ferry heavy loads. Nothing is impossible".(Translated)

This aptly summarises the level of endowment of assets that has been achieved by the treatment groups. To them hunger was no longer an issue unless if an individual was unwise enough to misappropriate inputs loaned to get a quick buck.

Mrs Matanga boasts

“We farmers are now being counted; imagine our children attending boarding schools alongside those of businessmen and working class. This was unthinkable before FACHIG” (Translated)

This is a testimony of restoration of dignity where children of smallholder farmers and other privileged social classes in society are no longer discernable. Farmers can now also afford to send their children to boarding schools, a real leap in status and a significant pointer of impact of the scheme.

The control groups were assisted to inch out of abject poverty (categories 6 and 5) to a situation where they were now proud owners of cattle, small livestock and, in some instances, a plough (category 4). Thus there was a noted expansion in the wealth base of the members of the scheme.

Mr Tinarwo has words of encouragement

“Surely with FACHIG support we will make it one day, the old groups started just like us and look how far they have moved. I hate this life of begging” (Translated)

Mr Tinarwo is envious of the status of the older groups whose members have accumulated assets over the years. He pins his hopes on the continued support of FACHIG. On his part he promises to work very hard to make a breakthrough as he laments a life of “begging”. Mr Tinarwo is very conscious of the pivotal role of microfinance to urge people out of poverty. The parallel

he is drawing between the old and new groups is a clear marker of impact of the scheme.

These findings triangulated the quantitative results described in sections 4.3.3.2 and 4.3.3.3 above, reinforcing the fact that the scheme had made significant impact on participants.

There were entries which, however, made interesting reading. For instance, 1999 groups in a certain area were categorised as being in the same stratum, 'Poor', as the control groups. Instead, a 2007 group was entered in the 'Medium' rich slot by one group and the bottom 'Rich' stratum by a few other groups, which was a departure from the observed main upward mobility trend.

On probing the reasons for such misnomer, the researcher was told that the inaugural groups misappropriated their loans in the form of inputs by selling fertilizers, seeds and chemicals and using proceeds for consumption. This way the 2007 groups leapfrogged them, on the one hand and on the other 2009 groups caught up with them before they could transcend into the rich strata.

Mrs Mafuratidze has this to say about the old groups;

"The groups (old) seem not to learn from their past mistakes as they cooked cowpeas seed they were loaned under the recent contract farming scheme. Some of us have moved to an extent of buying cattle with proceeds from the same cowpeas contract farming scheme. Imagine buying cattle, it means all small problems are already sorted out and besides when you are doing a project think of the future; you need to cast your eyes far when FACHIG has vanished from the scene. Our friends (old groups) are short-sighted".
(Translated)

This was said by a member from a very successful 2007 group coming after the pioneering groups of 1999. The speaker had no kind words for the old groups in the area for misappropriating loans. The reward of their ineptitude

has been stagnation in poverty. Also the speaker has included an angle of investment as a way of hedging for future eventualities such as cessation of operations by FACHIG. The group was already thinking of sustainability by making savings now to meet future needs. There is empowerment intertwined with entrepreneurship to face an uncertain future, showing a huge impact of the scheme.

Another group from 1999 deliberately understated treatment group rankings conflating them with new groups in the 'Poor' category. This contradicted the researcher's field observation notes, which showed a good number of solid houses in the vicinity, which taken together with other implements seen in the yard, qualified owners to fit in the rich strata. On being quizzed about the discrepancies, respondents admitted deliberately misrepresenting facts fearing being jettisoned from MFI activities.

Mrs Garati has this to say

"We are caught out, we feared ranking our group high was going to make us unfit for the scheme which we know belongs to the poor" (Translated).

Similarly, another group ranked all treatment groups, save for itself, as being in the bottom 'Rich' category, putting itself in the upper 'Poor' category. Its argument was that it was being skipped in the distribution of loans and starved of information on developments in the scheme.

Mrs Mataramutse summarises the group's plight as follows;

"The leaders have literally cancelled us from their register; they deliberately starve us of information and then turn around with an accusing finger that we don't cooperate, we lack the team spirit. How can you cooperate when you are in the dark of what you are supposed to do?" (Translated)

This testimony was a sign of impact as the group remained static when others were on upward mobility, transcending to the rich territory from bottom poor categories. This demonstrates impact of the scheme

For results of wealth ranking to be valid, they needed to show consistency as well as a high degree of triangulation, presupposing the use of at least three key informants in ranking. In addition, lack of knowledge and information of the population by the key informants compromised quality of results. Furthermore, biases of the key informants, such as fear that the results would be used as a basis for discontinuing membership, could also seriously affect accuracy and validity of the wealth ranking data (Simanowitz et al, 2000; Franzel et al, 2002; Unknown Author, 2007). One group described above displayed this kind of bias in a classical way.

In all 17 FGDs were used as key informants, a number far higher than three, acceptable as a minimum. The idea was to have substantial number of key informants to allow for wide triangulation of rankings (Simanowitz et al, 2000; Unknown Author, 2007).

The research finds that 13 out of 17 groups consistently ranked the treatment groups in the bottom 'Rich' category and control groups in the 'Poor' class (see Table 4.26). Again outliers for treatment groups were found in the 'Medium' rich and top 'Poor' categories while those of control groups occupied the bottom poor ranks. This portrayed a coherent pattern of poverty mobility for the MFI, showing a natural trend of groups moving, on a continuum, from lower (poor) to upper (rich) ranks. Such a pattern further amplified the consistency of rankings by the KIIs, lending additional credence to the results.

The other test for validity was that, according to Guinand, 1996 in Franzel, et al (2003) ranking decisions reached by consensus were equally authentic as those produced using other methods. In this vein, the researcher encouraged intensive debate in KIIs, reaching all ranking decisions by consensus as to which category the group placed itself, colleague groups that joined the scheme at the same time with it and the other groups that joined before or

after it. The groups from the different years were dissected and thoroughly analysed with statements like “These are ahead of us” or “These are our match” or “These are behind us” (Translated) being commonplace statements in the discussions leading to ranking decisions.

Having satisfied criteria for accuracy of wealth ranking as described above, it could be said with fair amount of authority that the results of the exercise were valid. In that vein, the results were showing that groups that joined the scheme earlier had been lifted out of poverty compared to their newer counterparts. This affirmed the assumption that the MFI had made considerable impact on the members’ livelihoods. The assertion was further strengthened by the fact that these qualitative research results triangulated findings of the quantitative research, both indicating treatment group expanded their asset base to a greater extent than control groups.

The KIIs however lamented that performance of the scheme could have been hampered by climate change, inducing frequent droughts. This drastically reduced yield which in turn affected not only returns on agricultural projects but also food supplies. Thus members found themselves caught up in a situation where they were forced to barter livestock for food, depleting assets accumulated in previous good seasons. In addition, farmers had to contend with macroeconomic paralysis that almost brought government extension and animal health programmes to a standstill, increasing contagious diseases outbreaks. This mainly affected the indigenous poultry projects, further pulling back members.

4.4.2 Field observation transects analysis

Findings from field observation transects were quite revealing in that they either authenticated or rebutted what the respondents had stated either in questionnaire surveys or focus groups. This ensured that data collection and analysis occurred in an iterative way, particularly for the FGDs and KIIs.

For instance the claim by one KII that there was no difference between treatment and control groups in terms of asset endowments was refuted when compared with field observation transect results, which yielded data to the contrary. Field observation data opened up a new line of probing which revealed that the group was paranoid that the results of the research would be used to discriminate against it.

4.4.3 FGDs analysis

The issue of access and control of resources such as land and fruits derived from IGPs generated a lot of insightful debate within the FGDs. Although it was agreed that women were generally dispossessed of all major assets in terms of culture, there has been huge shifts in thinking when it came to access and decision making power over such assets. Women now had de facto decision making power and control over family assets jointly with their husbands who were still recognised customarily to wield de jure powers.

Respondents from old groups said that the system where women would be passively allocated land, normally with poor soils, by their husbands was now a thing of the past. Today husband and wife jointly planned, on equal footing, at the onset of the rain season, how land was to be assigned to different crops that season. The planning also covered the planting schedule for all the crops depending on the length of the crop's growing season. This ran contrary to old ways that relegated the planting of so called "women's crops" late in the season after finishing with the cash crops for men.

The practice of giving less attention to women's crops in favour of men's cash crops was also done away with. In the past women were detained in the men's fields for as long as it took, distracting them from giving enough attention to their own fields. Men found it demeaning to work in the women's fields notwithstanding the fact that women spent a lot of time tending to cash crops.

Mrs Chawatama has this to say;

“You work together in his (men’s) field until he is satisfied things are now looking right then you are released to work alone in your field, never to see him until the next round in his fields. But now it is a different picture, men are very understanding and cooperating. Gone are the days of giving names to crops along gender lines, what are women’s crops, one may ask” (Translated).

This marks a shift from the past when women were expected to produce food crops for household consumption and men, on the other hand, taking full control of cash crops. FACHIG’s loan policy is gender sensitive giving similar loans to men and women alike. Men’s monopoly on cash crops was broken because FACHIG gave contract farming loans for cash crops, with women being the majority beneficiaries. This has effectively dismantled the “cash crop for men-food crops for women” divide, causing a shift in the power relations in the home.

In addition, women were left by their husbands to do whatever they wished with proceeds from their fields. In the past husbands either grabbed or dictated what the proceeds should be used for. Women from most FGDs, particularly the treatment groups, spoke proudly of how IGPs empowered them. The scheme was supporting contract farming projects such as seed multiplication, a highly commercial enterprise sometimes outcompeting men’s traditional cash crops like cotton, on returns.

Mrs Bere quips;

“New power relations are setting in within the home as we speak; who said women can’t be breadwinners with enterprises like cowpeas contract farming being promoted by FACHIG” (Translated),

The testimony is thrusting women on a par with, if not ahead of men, in terms of income contribution to the household, drastically increasing the former’s

bargaining power. This had the resultant effect of shifting power relations in the home in favour of women. Men in the FGDs were indifferent to the issue but gave condescending smiles as women recounted their story.

FGDs of control groups told a different story from that of old groups narrated above. For groups with elderly people, women complained of being denied space to decide issues of access and control, which was considered men's sole domain. On the other hand women from youthful groups spoke of parity between spouses in decision making, probably guided by a changing cultural setting influenced by improved education and hence literacy levels.

Mrs Chimedza is surprised

"What are you saying, all assets registered in the name of the husband, no. We practice joint ownership whereby both our names appear as joint owners"
(Translated)

Thus a balance, the scheme had considerable impact as it had managed to shift the cultural stereotypes long entrenched in society. Women's endeavours were now being valued as important by men, paving the way for women in MFI to enjoy increased access and control of resources than their non-FACHIG counterparts, which is a significant mark of impact.

CHAPTER 5 CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This is the last chapter of this report that consisted of a summary of the findings of the research and some recommendations pertaining to the findings. The chapter should be able to give a cursory reader a good glimpse of the research, particularly its main findings and a way forward for the scheme into the future. The information provided in this chapter, though abridged, should be of sufficient content for any decision maker to have a basis for making informed judgements about the scheme. In essence, the conclusions should indicate a clear link with the objectives and the research questions in chapter 1 and also show that these were adequately addressed by the research.

5.2 Conclusions

The conclusions were based and related to the research questions as questions posed in the questionnaire and analysed in section 4 revolved around these research questions. The following were the detailed conclusions drawn from the analyses carried out in section 4;

Research question 1.5.1 Which banks have a presence in Mashonaland Central province? Which microfinance institutions have a presence in Mashonaland Central province?

The research finds that conventional banks existed in Mashonaland Central in significant numbers (seven) but either located in the provincial capital, Bindura or the district centre, Mt. Darwin town. The participants nearest to the banking outlets were located at least 15 kilometres away from Mt. Darwin town with Bindura being 85 kilometres from the nearest rural communities of Mt. Darwin district. Such long distances had a negative effect on the ability of prospective

clients to link with banks as they would find it very costly to commute to the outlets to transact business, normally small for the rural people.

All respondents reported the presence of FACHIG scheme in their areas as opposed to four others who indicated dealing with another MFI, Takura Nyakasikana. There was no knowledge linking respondents to other common MFI brands like Pundutso, WDSCU and Zambuko in the Mt. Darwin market.

The research's findings were consistent with assertions in the literature review which indicate that conventional banks shunned the rural markets, confining themselves in the nearest towns. As the findings had shown the banks were far away from where people lived, increasing transactional costs of holding accounts with the banks for the rural dwellers.

On that score FACHIG made a lot of impact in bringing its operations beyond the district to places such as Dotito business centre at the heart of communities participating in its scheme.

1.5.2 What services are offered by banks and microfinance institutions in Mashonaland Central province? At what levels are the services offered? Are the services satisfying the needs of the rural clients?

The banks offered savings services (34% coverage) almost exclusively with insignificant mixes of credit at 0.6% of respondents reporting receiving loans and money transmission where 1.9% of the respondents were served. On the other hand, FACHIG was biased to credit and savings services, reaching 99% and 37% of the respondents respectively.

It could be authoritatively concluded, with hindsight of literature review, that banks were only interested in siphoning money from rural areas via savings and deploying it in urban areas to satisfy their capital requirements at the expense of rural depositors. The major reason from literature review was that rural people lacked appropriate collateral in the form of title deeds or a regular wage income to secure the loans. Because of their preoccupation with the

profit motive, as given in literature review, conventional banks could not deploy their resources to set up group lending schemes to offset the need for physical collateral as this was not consistent with their core business. Conversely, FACHIG issued credit despite its high risk factor on the strength of an established group lending scheme, making significant impact.

However, it should be noted that whilst FACHIG took a bold step in extending uncollateralised credit to rural financial markets it was far from satisfying their needs. Again, the range of services was very narrow, availing only two out the five common services required. In addition, the 37% coverage on savings was low by microfinance standards. Best practice showed that savings should outstrip loans therefore FACHIG did not make substantive impact in this regard. However, savings got a big knock-on effect from the economic recession suffered by Zimbabwe in the last decade.

An important area depicting impact was how far the FACHIG scheme satisfied or was convenient to clients. Generally, clients reported satisfaction with many variables of the FACHIG scheme. The clients were satisfied with interest rates levels charged by FACHIG, which they said were not usurious as indicated in literature review where loan sharks took advantage of financially excluded people to charge exorbitant rates. The use of group lending methodology was acknowledged which permitted many women participating who could otherwise be excluded on the grounds that they owned nothing tangible from literature review. Members were also satisfied with productive loans but dissatisfied with consumption loans. From literature review lack of provision of consumption loans led to asset depletion where clients were forced to sell or barter their assets e.g. livestock in exchange for food or to raise school fees for children or settle a medical bill.

Deposit and withdrawals were considered satisfactory as the distance travelled was not too long. Also disbursement of loans was not clogged with a lot of paper trail making it satisfactory. The fact that thumb print could be used in place of a signature also brought convenience to the scheme. On a balance

the scheme made impact as it managed to deliver most of its services to the satisfaction of its clients.

1.5.3 Is the FACHIG microfinance scheme accessible to vulnerable groups in society, in particular, women? Does the scheme pay special attention to such groups?

Gender disaggregated data showed that 71% of respondents reached by FACHIG scheme were women. In the Zimbabwean social and cultural landscape steeped in patriarchy, serving more than 10,000 people with loans, more than 71% of whom were marginalised women borrowers, was a great feat. The scheme had a strong affirmative action, given that the disparity between women and men was high, increasing from 50% in 1995 to 61% in 2003 (Chiripanhura, 2010).

Considering the plethora of dispossessions suffered by women in Zimbabwe's patriarchy which was well-articulated in literature review, it could be said with authority that the FACHIG scheme played an important role in the empowerment of women. The leadership composition was biased in favour of women who provided both pecuniary and fiduciary stewardship to the FACHIG scheme, enhancing their empowerment.

Another important area of empowerment of women was control and ownership to land. The spousal control made sad reading for women in this regard where more than 66% women reported no direct control to land. However, due to the scheme women enjoyed increased access to land as the IGPs for which credit was issued were agriculture-based. Such an approach provided a platform for wives to discuss and plan jointly with their husbands on both crop and animal husbandry projects. In this regard FACHIG scheme was highly empowering to women, a huge impact area.

Research questions 1.5.4 to 1.5.8 involved impact measurement using the Sustainable Livelihood Approach (SLA) framework extensively described in literature review. Questions were included in the questionnaire to test whether participants managed to expand the five livelihood capitals in the SLA

framework. The following conclusions could be drawn from the analyses carried out;

1.5.4 Is there any noted expansion in natural capital of participants of FACHIG microfinance scheme?

Being infinite and lacking title and FTLRP areas falling outside the operational purview of FACHIG, it was not helpful to pose questions checking on the expansion of landholdings of FACHIG clients as an impact factor. Rural land was not exchangeable on the open market as it was owned as a common pool resource, a fact well-articulated in literature review. Instead, the study authenticated the average rural farm size as 2 hectares also as given in literature review. It meant that the FACHIG participants were subject to the barriers of lack of crop rotation and fallowing of land which naturally restored fertility to land without imposing any extra costs. In addition, the two practices were critical to commercialization and their absence put severe limitations on the rural farmers reverting to that path.

Despite these severe limitations imposed by suboptimal size of rural farms, FACHIG members were shown by secondary data to produce higher yields than their counterparts outside the scheme. In that respect it could be concluded that FACHIG contributed to the indirect expansion of natural capital by increasing land productivity. Therefore, FACHIG made an impact on its clients as measured by the expansion of natural capital.

1.5.5 Is there any noted expansion in physical capital of the participants of the FACHIG microfinance scheme?

All tests on the physical assets showed marked expansion. All livestock types (chickens, goats/sheep and cattle) showed an increase for the FACHIG clients. There was also an increase in all types of farm implements (hoes, ploughs, ox-drawn planters and cultivators) on the clients. Also some members were beginning to differentiate into commercialization as they had managed to acquire micro irrigation equipment like water pumps and hoses

and intermediate mode of transport, scotch carts. The members also showed that they were able to replenish inputs stocks from one season to the other. Clients also showed that they had managed to improve or build solid dwelling and so was the case with durable goods like furniture and household utensils which increased. Some clients had managed luxuries like television sets and connecting to electricity grid. Of particular note was that women were also increasingly becoming owners of big assets which previously were taboo with such ownership vesting in men.

In this respect it could be said that FACHIG scheme made a huge impact on the livelihoods of its clients, especially considering that some of the assets were of a capital nature which meant they could be used for future capital accumulation. Although detrimental to the growth prospects of the economy due to dampening effect on liquidity, rural people were known to keep their money in the form of assets like livestock. This reduced their vulnerability in times of catastrophe such as droughts where they could resort to disposing the assets to meet food and other necessities of life. This amplified the impact of the scheme.

1.5.6 Is there any noted expansion in financial capital of the participants of the FACHIG microfinance scheme?

The holding of loan and savings accounts represented expansion of the financial capital of clients and hence impact of the scheme. The rural farmers did not greatly value cash as an asset, preferring to stock it in the form of physical assets-predominantly livestock. Thus there was very little impact in this regard. Again the negative ramifications of starving the economy of liquidity by locking cash in physical assets could not be overemphasised.

1.5.7 Is there any noted expansion in human capital of the participants of the FACHIG microfinance scheme?

Increasing affording of social services and nutritious food supplies represented expansion of human capital along with training and knowledge

dissemination. The important social services measured were education for children and healthcare for the family. Clients showed greater affordability of education for children with some reporting sending children to more expensive boarding schools and private hospital, providing quality services. Most clients reported achieving food security throughout the year. Also clients showed greater exposure to technical training improving their technical skills for undertaking husbandry income generating projects.

Thus the FACHIG scheme made significant impact on the livelihoods of its clients. Their future prospects were bright with children getting education. Also good health impacted well on clients' ability to labour combined with nutritious food supplies.

1.5.8 Is there any noted expansion in social capital of the participants of the FACHIG microfinance scheme?

Many clients reported of heightened self-esteem and confidence in interaction with kin relations. Clients held more regular meetings and had increased interaction with other groups and went up to the higher echelons of FACHIG to seek guidance and advice when they encountered problems. The achievement of near 100% repayments on loans showed that social collateral based on peer pressure was high among FACHIG members. This showed that clients had increased bonding social capital which was a sign of impact of the FACHIG scheme.

On the other hand clients had more interaction with outside organizations and institutions than those not members of FACHIG. Clients reported of unfettered access to government departments, unions and like-minded NGOs seeking extension services, advice and networking for information sharing. This showed existence of expanded bridging social capital.

The increase in both bonding and bridging social capital signified impact of the FACHIG scheme on rural livelihoods as services could be sourced free of charge leveraging FACHIG and clients resources.

1.5.9 Is there any noted upward poverty mobility of the participants of the FACHIG microfinance scheme?

The wealth ranking exercise enabled clients to stratify FACHIG members according to their wealth/poverty. This was after constructing a wealth ranking criteria and coming up with a six-stratum wealth and poverty matrix. The various key informant interview groups came to the common conclusion that there was upward poverty mobility as they found that older groups were wealthier than their newer counterparts. Older groups had transcended from the poor to wealth categories on the matrix, representing upward poverty mobility of FACHIG clients. The positive movement to higher echelons of the matrix signified impact of the FACHIG scheme on the livelihoods of members. The wealth ranking findings strengthened the conclusion reached under survey that the FACHIG scheme had made significant impact on the livelihoods of households in the smallholder sector.

1.5.10 How far is FACHIG from international best practice? What lessons can FACHIG learn from other practising or failed microfinance institutions to improve its operations?

The FACHIG scheme compared well to best practice in some respects and badly on others. The scheme was in tandem with best practice on SHGs and a variant of bank-linked microfinance. Although very strong in cohesion FACHIG SHGs, known as investment groups (IGs), are very weak on thrift collection and lending although a standing facility was in existence for FACHIG IGs to access bank loans. It could be said FACHIG had made reasonable impact on this aspect although effort was required to improve thrift collection and lending.

FACHIG had developed a robust savings component which was swept away by inflation during macroeconomic instability of the previous decade. As at present the savings and deposit services were at a standstill due to lack of liquidity gripping the rural financial markets post dollarization of the economy. It was taking long to restore the rural economy to work again following the

devastation by inflation. Although not in place currently FACHIG had sufficient experience to revive the savings component once liquidity conditions improved.

FACHIG had a robust social collateral system buttressed on peer pressure. Its IGs were cohesive which was required to operate group lending schemes smoothly. This strength should be leveraged for operating thrift activities and make the standing financing agreement with a commercial bank work again.

At macro level legislation governing microfinance was fragmented between the Reserve Bank of Zimbabwe and the Ministry of Small and Medium Enterprise and Cooperative Development. The prudential regulation framework was not conducive to microfinance development as it lacked the threshold system which allowed microfinance institutions to make a choice on which channel of development to follow.

By and large FACHIG scheme was operating within confines of best practice save for external factors such as the devastation of savings by inflation and the regulatory framework which was not conducive to the development of the microfinance subsector. Thus FACHIG could be said to operate within reach of best practice.

Generally, the scheme made substantial impact on the livelihoods of smallholder farmers. Most of the tested variables of the survey showed expansion in the asset bases, denoting impact of the scheme. The Chi-Square Tests across all the five indicator domains established plausible association between expansion of asset bases and the microfinance scheme. This trend in the survey findings was triangulated by the results of the wealth ranking exercise which showed upward poverty mobility, reinforcing impact.

The treatment sample ascended into the bottom two rich categories of a six-fold poverty/wealth characterization. On the other hand, the control groups managed only to transcend to the top poor category. It should be noted, however, that the scheme targeted the most vulnerable in society who joined

right at the bottom, either as category 5 or 6 beneficiaries on the six-fold poverty/wealth matrix.

Livelihoods enhancement, in the form of wealth accumulation, was a good measure of impact of the scheme. The treatment groups amassed more capital than control groups under the five livelihoods assets of the DFID's SLA framework. The wide gap in asset endowments between the treatment and control groups amply demonstrated impact of the scheme.

The level of impact could have been significantly dampened as a result of the prevailing highly volatile operating environment. Runaway inflation, reaching unprecedented rates in 2008, wiped away people's savings and pushed interest rates to unmanageable levels. This was compounded by adverse effects of climate change, which manifested in persistent droughts, leading to dismal crop failures. Thus performance of the scheme was negatively affected as a result of these constraining factors, significantly suppressing impact.

5.3 Recommendations

5.3.1 FACHIG scheme should consider broadening its services base by reviving the savings component. Naturally this would open up the scheme to opportunities for operating consumption loans. FACHIG scheme should consider being more aggressive in the mobilization of savings by using SHG-type thrift methodologies. Internally driven microfinance was more sustainable than externally subsidised variants. In addition, it promoted healthy group dynamics as members met regularly to transact as a SHG. However, there was a gap of information regarding the operation of ROSCAs in Zimbabwe. A study around a topic such as "Investigating the operations of SHGs in Zimbabwe, a case of one district" could illuminate the issue and hence inform FACHIG on how to carry out a successful and sustainable internal savings programme with prospects to grow into a fully-fledged microfinance scheme.

5.3.2 Implicit in the IA discourse was the issue of climate change which, in the absence of a developed farming system such as the one found in the smallholder sector, could wreak havoc on crop yields. The end result was a suppressed impact of the scheme. However, data was still missing to gauge the explicit effect this had on scheme impact. This gap in information could be closed by a study that sought to measure the scale of the effects of climate change on rural livelihoods in the context of microfinance intervention.

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