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| EXAMINING THE MICROCREDIT PROGRAMME AND ITS IMPACT FOR PEOPLE WITH DISABILITIES AT CHESHIRE HOMES SOCIETY IN NDOLA, ZAMBIA |
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**Hogeschool Utrecht: University of Applied Sciences**

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# LIST OF ACRONYMS

CHS Cheshire Home Society

FSPC Financial Services Programme Coordinator

HI Handicap International

ILO International Labour Organisation

MBT Micro Bankers Trust

MFI Micro Finance Institution

PAR Portfolio At Risk

PWD People with Disabilities

UN United Nations

# EXECUTIVE SUMMARY

This paper has been written in partial fulfilment of bachelor’s degree in International Business for Emerging Market at the Hogeschool Utrecht University of applied sciences.

Many people with disabilities in developing countries are considered vulnerable and live under impoverished conditions. UN estimates that about 82 percent of the people with disabilities worldwide live below the poverty line. For many years now, many have considered microfinance as a powerful tool in poverty alleviation and most institutions especially in developing countries have used it to that effect. However, people with disabilities especially in developing countries continue to be excluded from microcredit schemes and other economic programmes. In response to that, several organizations targeting disabled people have made efforts in ensuring the access of such economic opportunities for people with disabilities. A case in point is the microfinance programme that was implemented by Cheshire Home Society in collaboration with Micro Bankers Trust in Zambia. This programme targeted at people with disabilities in Ndola and was called the “Livelihood project,” however; the project was faced with frequent late and non-repayments. This study therefore, evaluates the implementation of “Livelihood project” in pursuit of contributing knowledge of benefits, results and challenges involved in microfinancing to people with disabilities.

The study was written using secondary data collected mainly from internet sources followed by primary data gathered using semi-structured interviews of 32 beneficiaries, 1 credit officer and 2 coordinators of the project in Ndola, Zambia.

The findings of the study show that the project implementation was ill prepared and the loan monitoring was not sufficient hence that might have led to the poor repayments. From the findings, it was also clear that some beneficiaries misapply loan funds and this thwarts their capacity to pay back, sometimes though, beneficiaries are just unwilling to payback the loans because of their different perceptions and negative or poor group motivation.

The study recommends among other things, improvement of preparation prior to implementation of such projects. It also recommends some design aspects of microfinancing notably; repayment period, loan amounts and group formation in order to improve efficiency and effectiveness of similar projects future.

# CHAPTER ONE: INTRODUCTION

## 1.0 RESEARCH BACKGROUND

The Liliane Foundation is a Dutch organization that seeks to help children with disabilities in developing countries to enable them to participate in their communities. The activities of the Liliane Foundation are implemented through local partner organizations in developing countries and specifically aim at education, improved medical and social rehabilitation of children and young people with disabilities up to the age of 25. In order to ensure the quality of life after the age of 25, part of the Liliane Foundation’s intervention is concerned with economic empowerment (Boom, 2010). Traditionally, this was done through income generating projects. An income generating project consisted of financial support in the form of grants provided to children with disabilities or guardians of children with disabilities in order to become self-supporting. However, according to the research findings of Ceelen, (2006) and Fennell (2007) in Philippines and Kenya respectively, Income Generating Projects were found to be unsuccessful and unsustainable because the beneficiaries put in less effort to make it successful. It was observed that most beneficiaries were not committed to these projects because there were grants and thus there was lack of adequate business planning that could outline clear strategic direction and identify high return investing opportunities.

Based on these research findings, the Liliane Foundation formed an alliance with the Rabo-bank Foundation to revive the Income generating projects. Together they developed a new policy and programme called “Work and Income” which objective is; to help people with disabilities and their family members to become economically independent. The main focus of the programme is microcredit for business enterprises and job development for people with disabilities with the objective of inclusion in the labour market (LF, 2004). This differs from the income generating projects because the financial service provided by the programme is in the form of a loan directly to the people with disabilities or to their family, with the intention that they will start a viable business that will enable them to generate income for themselves. The Liliane Foundation is currently running two pilot projects of the Work and Income programme in the Philippines and Kenya with plans of rolling it out in the other countries where it performs its programmes such as Zambia.

In 2008, a partner organization of the Liliane foundation in Zambia, Cheshire Home Society (CHS) started a similar microfinance programme called the “Livelihood project”. This programme was implemented through a partnership with a microfinance institution called Micro Bankers Trust (MBT). MBT is a non-profit semi-government organization which mission is providing alternative financial services to the vulnerable population in Zambia who do not have access to loans from formal financial institutions. It has operations in 14 towns/districts of Zambia. The key strategy behind the partnership between CHS and MBT was to enhance scheme performance, monitoring and follow up. It has been said that providing microfinance services requires professional skills and must be left to microfinance institutions or other professional financial service providers, and organisations with a social mandate must avoid providing financial service (IDDC, 2009). Based on the fact that MBT is an expert in microfinance while CHS is specialised in dealing with people with disabilities it was expected that the programme would achieve great success. The programme specifically targeted people with disabilities and aimed at enabling the target group becoming economically independent by providing them with microcredit.

## 1.1 PROBLEM STATEMENT

Despite the partnership of CHS and MBT being a complementary one, the collaboration between CHS and MBT unfortunately, has not fully achieved its expected results as many repayments are not made on time which has affected the quality of the loan portfolio under this programme because the general portfolio at risk (PAR) for MBT has increased.

Furthermore, the low repayment rate has also affected the quality of the entire portfolio of MBT and as a result, has had to use its own capital to meet satisfactory regulatory requirements. In order to minimise this, MBT have also requested CHS to allow them to write off outstanding loans that can no longer be recovered. This will imply that the money written off will no longer be part of the revolving fund. Eventually, there will be less money specifically meant to give loans to the target group. Until today, it still remains unclear what the real causes of the late and poor repayments are. Unless it is clearly identified and fully understood what is causing the late and low repayment rates, the implementation of similar programmes such as the “Work and Income” in future is risky.

## 1.2 RESEARCH OBJECTIVES

The main objective of this research is to identify the factors that have led to the frequent late and eventual poor repayment rate of the microfinance programme for people with disabilities that was implemented by Micro Bankers Trust in partnership with Cheshire Home Society in Ndola, Zambia. The research also aims at determining the impact of the programme on the beneficiaries as well as giving recommendations for improvement for future programmes.

## 1.3 RESEARCH QUESTIONS

The following research questions will serve as the foundation in order to address the overall aim of the paper.

* How was the livelihood project organised in terms of procedures, processes, monitoring and training?
* What specific conditions could have eventually led to late and poor repayments and how can they be outstripped to guarantee higher and repayment rates in future.
* What has been the impact on the target group of the programme?

## 1.4 STRUCTURE OF THE REPORT

Subsequent chapters will present the research journey. Chapter two will outline the research methodologies employed in this research. This chapter will include methods used in the collection of data, analysis and then proceed by citing the limitations the researcher faced mostly during the data collection. Chapter three will present literature reviews relating to disability and microfinance by beginning with showing the current conditions under which disabled people live under. Thereafter, it will explore employment opportunities for disabled people and then define microfinance while further elaborating its benefits and risks. After that, it explores the participation of people with disabilities in microfinance and also indicates microcredit designs available for the target group. The literature review will also look at the importance of partnership in microfinance programmes and lastly it will pinpoint some of essential components in microfinancing most especially to people with disabilities. In chapter four, the study will give the findings of the research starting with the background of the Livelihood project through the selection up to the impact and challenges of the project. Overall conclusions and recommendations will be made in chapter five.

# CHAPTER TWO: METHODOLOGY

## 2.0 INTRODUCTION

This chapter explains the research design used in this study. It also outlines the methods used in data collection, the sampling methods used and the reliability of the data gathered. This chapter ends with limitations of the methods and challenges faced by the researcher during the research process.

## 2.1 RESEARCH DESIGN

This study is descriptive in nature because it involves a systematic collection of data to identify the underlining issues in micro financing to people with disabilities whilst describing the views and experiences of beneficiaries of the program. This study mostly uses qualitative approaches in order to give a representative situation of the livelihood project in Ndola. The data is also analysed using statistical tools such as graphs, tables and charts. The analysis of the data also required the use of figures and numbers so that the tight meaning could be drawn from the research project

## 2.2 METHODS OF DATA COLLECTION

In the collection of data, the study used both primary and secondary sources of data. The entire research took a period of six months and the first stage of information gathering was done through reviewing published literature mainly from internet sources on disability and microfinance. The researcher gathered this secondary information entirely through desk research for three weeks at the Liliane foundation office in ‘s-Hertogenbosch. In April, the researcher travelled to Zambia to gather primary information. The tools used in the gathering of primary data included oral interviews and review of written materials on the project. The researcher obtained data by reviewing documents such as the; Project document, progress reports for the project. In addition, clarification and more insights were gathered through oral interviews with the project coordinator.

Primary data was also collected by interviewing a total number of 32 beneficiaries of the micro financing program. These oral interviews were conducted in the period of four weeks and the participants were identified from the following areas in Ndola; Chifubu, Twapya, Lubuto, Turn Argan, Kansenji, Kanseshi, Kabushi, Hillcrest and Chipulukusu. Semi-structured interviews were conducted and they were most convenient because the researcher had little prior knowledge about the project and therefore the semi-structured interviews allowed the researcher to establish relationship between relevant topics while maintaining the uniformity of the data collected. Moreover, background research had shown that the level of education of the target group was generally low therefore questionnaires could not be an option. Interviews also allowed the researcher to get more information from the respondent by not only recording their responses but also observing the non-verbal communication. Through the interviews, the researcher was able to observe the importance some respondents attached to certain issues, the reluctance in answering some questions and based on such observations the researcher was to some extent able to overcome contradictory non-verbal communication by asking follow up questions. In addition, the researcher also interviewed the Director of CHS and the project coordinator from MBT. These interviews were beneficial because they helped the researcher to learn more about their expectations and their opinions of the programme.

## 2.3 SAMPLING

The sample population consisted of all the beneficiaries who had got a loan under the livelihood project between 2008 when the programme was initiated and 2011 when the programme was suspended for a while. However, due to the time constraint and non-availability of some respondents, the researcher managed to interview 32 beneficiaries who were available at that particular time. The respondents were identified with the help of one beneficiary who knew where the other beneficiaries could be found. He assisted in providing addresses of the respondents and where possible escorted the researcher to the homes of the respondents. In some particular cases, a snowball method was used as the identified respondents also helped the researcher to find other beneficiaries who could be reached within the same area or location. Because the researcher was introduced by other beneficiaries, the respondents were more open and free to express their views and opinions.

All the respondents were people with physical disability (mainly with mobility impairment) and the sample consisted of 11 men and 21 women. All the respondents were above the age of 20 as shown in the table below.

|  |  |  |
| --- | --- | --- |
| **Gender** | **Male** | **Female** |
| Number of Respondents | 11 | 21 |
| **Age** | **20 – 30** | **31 and above** |
| Number of respondents | 5 | 27 |

## 2.4 LIMITATIONS OF THE STUDY

The researcher had to put great effort in locating the beneficiaries because they resided in different parts of Ndola. The data collection process was difficult and time consuming due to the fact that the researcher had to visit all the respondents individually either from their work place or home. Nonetheless, some of the respondents could not be found because they moved to another area or were not available on the day of the researcher’s visit. Others were avoiding meeting the researcher because they thought he was from MBT and had come to collect repayment on their outstanding loan. Given the short period of time allocated for data collection and constraint in financial resources, the researcher was unable to interview more respondents. Additionally, the researcher took more time on interviewing the respondents considering the location and timing of the interviews. Since the respondents were interviewed from their work places and homes, there were usually disruptions in the interview to allow the respondents to attend to other issues such as attending to a customer or a child. The researcher could not use other sampling methods because the sample size consisted of those who were available at that particular time and somewhat dependant only on those who could be identified by other interviewed beneficiaries. The researcher also lacked baseline from which to compare the results of the research so as to ascertain whether the project created positive impact on the beneficiaries.

# CHAPTER THREE: LITERATURE REVIEW

## 3.0 INTRODUCTION

People with disabilities are among the most vulnerable group in society because they are often uneducated, unemployed, stigmatised and poor. According to the Zambia’s population and housing census of 2000, about 2.7 percent of people living in Zambia are disabled. Physical disability is the most common type of disability affecting about 39 percent of the disabled population (CSO, 2000). Research has shown that a majority of people with disabilities in Zambia are living under poor conditions and lack support to play a productive role in society (Eide and Loeb, 2006). According to the UN statistics, 82 percent of disabled people in developing countries live below the poverty line. For those who live on less than $1 per day, 1 in 5 has a disability (HI, 2006). Various researchers (DFID, 2000:2; Leymat, A 2010:2; Elwan, 1999:1) agree that poverty is both the cause and consequence of disability. They highlight that poverty is a cause of disabilities because poor people are subjected to difficult living conditions which include; poor nutrition, dangerous working and living conditions and lack of access to adequate health care which impede their ability to prevent some disabilities. It is estimated that as many as 50% causes of disability are preventable (DFID, 2000:3). Leymat, (2010:2) describes poverty as a result of disability because disabled people often lack education, health services and income generating activities. Evidence suggests that people with disabilities tend to be poorer than their counterparts without disabilities. Elwan, (1999:27) points out that disabled people, especially in developing countries are victims of negative social attitudes and stigmatization. He illustrates how stigma among the people with disabilities, especially in developing countries is also related to poverty. He further asserts that exclusions of people with disabilities reduce their opportunity to contribute to the community or society productively. Consequently disability upsurges the risk of poverty and conditions of poverty inturn increase with the risk of disability. Nonetheless, it should be noted that not all people with disabilities are poor as there are examples of successful disabled people see (Despouy, 1993). Considering the fact that poverty is widespread in developing countries, people with disabilities face the same difficulties and challenges in breaking out of poverty as others.

It has been noted however that people with disabilities have more disadvantages due to low access to education, training, employment and credit schemes (ILO, 2002). In Zambia for instance, above 40 percent of the people with a disability never attend school and another 40 percent only manages to complete primary education. This implies that a majority of people with disabilities remain uneducated (CSO, 2000: 137). Particularly, it is considered that a persons’ disability does not only affect his own situation, but also of his family and even the wider community (ILO, 2002:4). According to Despouy,(1993:1), 25 percent of the entire population are adversely affected in one way or another by the presence of disability.

## 3.1 EMPLOYMENT PROSPECTS AND OPTIONS FOR DISABLED PEOPLE

One way of breaking out of the poverty cycle described above is having access to income either through formal employment or self-employment. Like many people in developing countries, most disabled people turn to self-employment because of lack of opportunities in the job market (Leymat, 2010:2). Several studies such as (Despouy, 1993; UNESCO, 2005) show that unemployment is a major problem for disabled persons and Eide and Loeb, (2006) attribute this to lack of sufficient education, and stigma. According to the ILO, the level of unemployment among the disabled persons is two or three times as high as for the other persons. Research has shown that employers often avoid employing persons with disabilities especially in developing countries because of the above mentioned reasons (ILO, 2002). Furthermore, many work places are not physically accessible to disabled persons and this in a way thwarts disabled people from working in such work places (Despouy, 1993). Despouy, (1993) notes that employers fail to understand that physical disability does not necessarily involve mental impairment and that persons with disability can perform as good as other persons.

When people are rejected from the formal job markets, most resort to self-employment as a promising option. Nonetheless, this alternative is not as easy to accomplish either as many people with disabilities who may have potential for self-employment are generally faced with many other challenges such as access to capital among others (Mersland, 2009). Whenever possible the ILO, (2002:4), suggests reducing poverty of people with disabilities by “unlocking their economic potential” and not by redistributive policies such as social welfare.

## 3.2 MICROFINANCE, BENEFITS AND RISKS

According to Saqfalhait, (2010:3), microfinance is the provision of banking services to lower-income people, especially the poor who are excluded from the traditional financial sector. He adds that, to most people, the term “microfinance” is often used in a much narrower sense, standing principally for microcredit. Microcredit which refers to very small loans for (unsalaried) borrowers with little or no security provided by legally registered institutions can be said to be a component of general microfinance. In the similar sense, in this research study, the focus is more on microcredit than other financial services comprised in microfinance. In theory, the aim of microfinance has been to help beneficiaries build their personal endowment both physical and financial through education and health. The increased endowment then raises the poor peoples ‘exchange entitlement’ (Wright, 2000). With this in mind, Wright (2000) makes a distinction of the effects of microfinance in increasing income and improving net wealth. Dyer, (2003:12) gives practical evidence of how microfinance has had a positive impact on disabled and non- disabled clients through improved income and savings. He further shows how the clients have been able to afford health, good nutrition and able to send their children to school thereby breaking the poverty and disability cycle mentioned earlier in this chapter. Chowdhury, Ghosh and Wright, (2005) echoe the impact of microcredit on lowering poverty and demonstrate in their research that microcredit actually lowers poverty and that this effect is resilient for the first six years. Khandker (1998) adds that microcredit programmes have produced a greater impact on people living in extreme poverty than at moderate income levels. There is also overwhelming amount of evidence substantiating a beneficial effect on reduction in vulnerability (McCulllouch and Baulch, 2000). For people with disabilities, microcredit has helped them improve their economic situation as well as reduce stigma within society (Cramm and Finkenflugel, 2008:23). Disabled Beneficiaries of microcredit have attested how their access has boasted their self-confidence and how their status has improved within their family and community and now there are able to participate in decision making (Cramm and Finkenflugel, 2008:24).

However other critics argue that microfinance is not a universal remedy for poverty alleviation and it is not able to reach the poorest of the poor. It is observed that despite its proven benefits, microfinance has insufficiently penetrated the poorer strata of society, who are the vast majority without access to microfinance (Morduch and Barbra, 2002). Experience shows that unless, there is a targeting tool, the poorest of the poor will either be missed or they exclude themselves because they do not see the programme as being for them (Navajas et al, 2000; Simanowitz, 2001). Microfinance has also been criticised for exploiting the poor people especially women with their high interest rates (Hossain and Tonya, 2008). Safiuddin (2011) adds that not only do microfinance institutions charge absolute high interest rates, they also engage in unethical ways of loan recovery including the use of intimidation. Such intimidation and fear of adverse actions from microfinance institutions have also been described by Kumar, (2006) as causing huge pressure on the poor people leading to a vicious cycle of debt, poverty and even deaths. There is a general consensus that microfinance is not for everyone. Most importantly, not all potential customers have entrepreneurial skills and not everyone is willing to take debt (Morduch, 2006).

HI, (2006) records that people with disabilities hesitate to apply for credit because they are not accustomed to it and they are often not sure of the positive outcome if they apply. Todd, (1996) also agrees that constraining people to borrow for micro enterprise to gain access to credit does not address the needs of the low income clients; instead clients may bedrawn to ‘invert’ microenterprises in order to borrow some money which they can pay but which may not necessarily be used for income generating activities. This is confirmed by Goldberg, (2005), who observes that for a long time now, there has been an oversight by most MFIs and trend to quantify outcomes: As long as their clients repay their loans it is assumed the programme is meeting the demands and needs of the clients. He advises strong impact assessment by organisations to ensure there is positive impact. In this regard microfinance institutions have concluded that the provision of financial capital should be coupled with relevant training and skills in order to build human capital (HI, 2006). Furthermore, there have been several academic discourses regarding the evaluation of impact created by microfinance. The main aim has been to devise the best way of impact evaluation of microfinance (Morduch, 2006).

## 3.3 EXCLUSION OF PEOPLE WITH DISABILITIES FROM THE MICROFINANCE PROGRAMMES

Despite the demonstrated benefits of microfinance described earlier, many disabled people continue being excluded from microfinance programmes. In the recent past there has been vibrant discussion on access to microfinance and other livelihood opportunities for people with disabilities. Simanowtiz, (2001) describes four mechanisms leading to the marginalization and exclusion of people with disabilities from microcredit; self-exclusion, exclusion by others, exclusion by staff and exclusion by design. Mersland, (2005) also notes that most people with disabilities are usually excluded from the mainstream of microfinance. He suggests that, this in part is because of the general misunderstanding within society that people with disabilities are destitute and have no knowledge and skills to successfully operate a business. There is challenge therefore to overcome the misconceptions by increasing the understanding of disabled people by staff of microfinance institutions (Dyer, 2003). (Cramm & Finkernflugel, 2008:16) show that people with disabilities do not get access to microcredit to the same extent as their non-disabled peers. Despite many disabled persons proving their capacity to run businesses, there is still much to be done to ensure that microfinance institutions recognize this potential and actively seek to support it (DFID, 2000). (Leymat,A, 2010) echoes that the disabled people are highly under represented among the clients of microfinance institutions. He reflects the results of his review of 50 microfinance institutions as having reported as low as 0.5 percent of disabled clients. While most microfinance institutions affirm that they do not discriminate against disability, at the same time they say that disabled people are not their target group

## 3.4 MICROCREDIT AND MICROCREDIT SCHEMES

Having discussed the existing exclusion state of affairs for people with disabilities, the question remains, what can be done to ensure disabled people are not excluded from microfinance and microcredit programmes? One way is designing a microcredit scheme that provides for the inclusion of people with disabilities. Mersland, (2007) recognizes three different microcredit schemes and makes the distinction among them; self-helping schemes, institutional schemes and ad-hoc schemes. The two most used approaches in inclusion are institutional and ad-hoc scheme and in the subsequent discussion, the paper uncovers two main design aspects of microcredit schemes namely social versus financial goals and group versus individual loans.

### 3.4.1 Social versus financial goals

Most microfinance institutions aim at achieving both financial and social objectives. Leymat, (2010) explains that microfinance institutions have attempted to achieve two main goals namely; outreach by increasing the number of clients who are underserved and sustainability by generating enough income to ensure that costs are covered. Mersland et al, (2009) however, states that although microfinance institutions claim to have a policy of reaching both financial and social objectives, they don’t practice this double bottom line policy in reality, instead, he points that they often focus on financial objectives only.

Cramm and Finkenflugel, (2008:17) suggest that the ad-hoc microcredit scheme is the most common scheme for people with disabilities, because high repayment rates are often not a major issue and interest rates are often subsidized. Most adhoc schemes are special services for people with disabilities provided by non-governmental organisations. Cramm and Finkenflugel, (2008) also emphasize that the focal point in these schemes is more on empowerment of the disabled people than sustainability of the organization. They argue that most people with disabilities can’t afford to pay high interest rates as most of them are starters in business.

On the other hand, Mersland et al, (2009) contend that, in order to increase the number of people with disabilities who are served by microfinance institutions, people with disabilities should not be given any special conditions such as low interest rates and other conditions that will make microfinance institutions unprofitable and less cost effective. They also mention the importance of understanding the business model of microfinance institutions and bearing in mind the fact that the microfinance institutions need to be able to generate enough income to cover their operational costs in order to achieve sustainability. Sustainability in this case refers to the long-term continuation of the microfinance programme after the project activities have been discontinued. It entails that appropriate systems and processes have been put in place which will enable the microfinance services to be available on a continuous basis and the clients continue to benefit from these services in a routine manner (sa-dhan:1). (Mersland et al, 2009) further assert that if people with disabilities are added without special conditions, then microfinance institutions will be more willing of their inclusion in the mainstream of microfinance. Finally, they argue that giving people with disabilities special conditions might reinforce the idea that people with disabilities cannot manage a business in the same way as their able bodied peers.

### 3.4.2 Group lending versus individual lending

Another aspect of lending in this discussion is whether Individual or group lending is a more appropriate lending scheme for people with disabilities in Zambia.

Individual lending is a loan provided to an individual and based on business and clients characteristics usually collateral or personal guarantor requirements. Thomas, (2002:4) advises microfinance institutions to offer individual rather than group loans to people with disabilities to avoid exclusions towards people with disabilities which often occur in groups. The downside of this however is that people with disabilities often lack collateral and the fact that individual lending relies on an assessment of business potential by the credit officer. Mersland et al, (2009) describe how sometimes a credit officer fails to see the potential beyond disability which can seriously inhibit access to finance by a person with disability.

On the other hand, group lending is the loaning scheme mostly used by microfinance institutions especially in areas where limited microfinance providers are present. In this particular scheme, groups are formed by people interested in accessing financials services. These groups are provided with loans or may create their own fund and usually the group members are jointly liable for each individual’s loan. Some of the benefits of group lending are low costs, high repayment rates, large number of people reached, strong partnership and involvement of participants (Cramm & Finkenflugel, 2008). The sustainability of these groups depends on the management, adequate repayment rates and the cohesion within the groups. In some cases however, it is difficult to create a homogenous group that lives in the same area for people with disabilities (HI, 2006). Thomas,(2002:4) also highlights the challenges involved in organising people with disabilities. He states that forming cohesive groups of people with disabilities is usually difficult as many people with disabilities exhibit many forms of social discomfort and do not easily trust each other. From this, it can be shown that there is generally a lack of trust and inadequate knowledge on the benefits of cooperative enterprises and other collective causes as many disabled people prefer to work alone. Although Mersland et al, (2009) suggest that lending groups should only consist of people with disabilities, others argue that groups should actually be mixed and include persons without disabilities to promote inclusion and reduce prejudice towards people with disabilities. The special characteristic of each scheme relate to different social excluding mechanisms and different outcomes reached. Therefore, to promote inclusion of people with disabilities in microcredit is important to gain insight into the existing barriers that hinder inclusion.

## 3.5 PARTNERSHIP BETWEEN DISABILITY ORGANISATIONS AND MICROFINANCE INSTITUTIONS

It is evident that microcredit is a powerful tool for the vulnerable self-employed people with disabilities. Owing to this fact, some disability organisations have attempted to provide credit to their disabled target group as a mean of empowerment. Dyer, (2003), observes that because of constraint of resources, conflict of interests and priorities as well as limited technical knowledge many such credits schemes have achieved limited success. He outlines, that “good” loan repayments have recorded as low as 65% whereas successful mainstream providers attain atleast 90% to achieve sustainability. Leymat, (2010:10) states that, even though most credit programmes provided by disability organisations may have been successful in terms of breadth and depth of outreach to disabled people, many of them fail to be self-sustainable. Sharma, (2011,) also notes that there is an inadequate emphasis on financial viability most especially among NGOs and government directed microcredit programmes and cooperatives providing microfinance services. Consequently many such credit programmes struggle to achieve self-sustainability let alone growth. IDDC, (2009) suggests that microfinance requires a professional skill and should therefore be left to the experts. They advise that disability organisations could play an important role by providing complementary services such as training, business counselling follow up and social work which is their area of expertise. Leymat, (2010:10) further emphasizes the demonstrated benefits of complementary partnership between microfinance institutions and DPOs in providing microcredit to disabled people. This idea of partnerships between disability organisations and microfinance institutions in providing better access to microfinance is not a new one. Leymat, (2010) shows examples of such partnerships and how they helped improve the number of disabled people getting access to microfinance.

## 3.6 SOME COMPONENTS OF A GOOD MICROCREDIT PROGRAMME

HI, (2006) highlights some of the important components involved in microfinancing most especially to people with disabilities. This factors as stated below can help a microcredit programme become successful not only on the repayments but also the impact.

1. **Clear Selection Criteria:** The loan giving process normally is initiated at this point. Research has shown that most microfinance programmes lack clear criteria of the selection of the beneficiaries.
2. **Training:** Prior to disbursement of loan to the beneficiaries, a good training that is according to the needs of the beneficiaries is essential and most especially for those who don’t have prior business experience. People who are financed need a good training and guidance on how to run the business both practically and financially. This may cover basic accounting, marketing and client service but also vocational training on some issues (Handicap, 2006). The adequacy of these trainings can only be evaluated based on the competence of how the beneficiaries manage their businesses and perhaps their view of the training.
3. **Monitoring:** Related to the issue of training and guidance, is the monitoring of the individual businesses being run by beneficiaries. When the beneficiaries’ business is monitored, it helps ensure that the person spends the loan as intended. It also enables the beneficiaries to be coached as their business progresses, as well as enabling those responsible to prevent or correct problems before they become irreparable (HI, 2006). This aspect is more organisational and administrative and needs the commitment of those responsible. Ghatak and Guinnane, (1999) also highlight the importance of intense monitoring and promise of repeat loans for well performing borrowers as complimentary in the overall success of microfinance.
4. **Microcredit Design:** The delivery of appropriate financial services requires a good understanding of the needs and desires of the target group MDF, (2012). One financial product cannot fit all the clients; therefore it is important that the programme responds to the different needs and expectations of the beneficiaries. Mersland, (2009) advises that loan amounts should suit investment and that repayment schedules should be aligned with the type of business. It is such a problem if the financial products do not match the needs of the clients and thus a programme of this nature requires an on-going feedback.

# CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSION

## 4.0 INTRODUCTION

This chapter presents the actual findings of the research and a brief discussion of these findings in line with the research objectives and literature review. The chapter starts by giving a general background and overview of the Livelihood project and then proceeds to discuss the project activities. The project activities are discussed following their order of implementation, starting with the identification process, training, the loan processing and disbursement. Under the subsection loan processing and disbursement, the study also discusses two main components involved in disbursement which are the type of loan scheme and loan amount. After that, the study examines the loan monitoring and repayment procedure under this project. This section also involves a discussion of the repayment period as part of a loan design.

In the subsequent sub section, the study discusses the social and economic situation of the beneficiaries. It shows the utilization of the loan funds by the beneficiaries. Since the loans were micro enterprise loans, the paper also specifies the type of businesses the beneficiaries are involved in and pinpoints some of the challenges faced by these businesses. The study also discusses the social and economic situation of the beneficiaries with the strong assumption that they partly represent impacts of the livelihood project. Thereafter, some weaknesses of the project that have not been discussed earlier will be highlighted. The chapter ends with mentioning some of the challenges faced by MBT in the implementation of the project and the achievements made by the project as well as the added benefits of this partnership.

## 4.1 PROJECT BACKGROUND AND OVERVIEW

As earlier mentioned in the preamble, CHS which is a disability organisation in Zambia, partnered with a microfinance institution MBT to provide loans to people with disabilities under the pilot project called the Livelihood project. The project had a special focus on people with disabilities and provided loans to specifically people with physical disability (handicapped).

In the implementation of the Livelihood Project CHS agreed to fund the project while MBT was given the task of managing loan funds for the purpose of disbursing them to the deserving disabled micro-entrepreneurs. The programme also aimed at maintaining a revolving fund for the continued provision of microcredit to the target group as well as providing business management training for effective management and performance of these generally small business enterprises. The project was designed as a pilot project to cover almost all the areas in Ndola. The Core activities of the project included provision of training in entrepreneurship skills and granting the beneficiaries with credit ranging from K500, 000 – K750, 000 (80 euros - 130 euros) for the first loans. The amount of money to be given under the Livelihood project was standardized and categorized for start-up businesses and existing businesses respectively. Although amounts could be varied based on the due diligence done by the loan officers the loan amounts did not significantly differ. The interest rates were charged at monthly flat rate of 4% for starters and 3% for those who already had businesses. These interest rates are perhaps the lowest in the country as they are slightly subsidized by the governments and they represent as much as 2.5 - 3% lower than the market rates of other micro-finance institutions in the country. The programme began with the disbursement of individual loans that had no collateral then later switched to the group form of lending. The monitoring was to be done by the credit officer during the repayment period which was monthly but later changed to biweekly.

MBT measures its impact using indicators such as Portfolio at Risk (PAR) and repayment rate. PAR shows the portion of portfolio which is ‘infected’ by debts and therefore at risk of not being repaid. In the memorandum of understanding, it was stated that CHS was responsible for measuring the impact of the loans on the beneficiaries. On a quarterly basis, the financial services programme coordinator (FSPC) of MBT was supposed to update the Director of CHS on the progress of the project. The role of CHS in Ndola was to assist in the selection as well as encouraging the beneficiaries to pay back the loans. They were also supposed to organise logistics and organise people for the trainings. One strategy that was put in place was to form a committee that would select the beneficiaries to undergo training and make recommendation to the MBT for consideration. The credit officer in charge of the livelihood programme was based in another town, Luanshya and was also responsible for other non-disabled clients in that town.

## 4.2 ACTIVITIES AND IMPLEMENTATION OF THE LIVELIHOOD PROJECT

### 4.2.1 Identification and Selection

A committee was formed by approaching the people who were conversant with people with disabilities. Most members participating in the project committee were teachers at CHS Ndola as well as the secretary at the Ndola, CHS office. The main mandate of the committee was to assist in the identification of the beneficiaries and also help in the modalities of the implementation process. They were supposed to be meeting from time to time to discuss the progress of the projects. It was learnt by the researcher that the group barely survived and it was discontinued due to the fact that members of the committee wanted to receive some remuneration.

Duties of selection were then left to the secretary who was supposed to organise all the potential beneficiaries for training prior to disbursement. The potential beneficiaries who initially were known and personally called to apply for loans at the CHS office were no longer the only potential beneficiaries since others came to register their names at CHS office after being informed by their friends about the programme. This meant that candidates who then were due for trainings were no longer personally known by CHS Ndola considering that only one person was involved in the identification process. In any circumstances, this could have meant a more thorough assessment for these beneficiaries. It was established from 87% of the respondents however, that, the loan officer never visited their home as part of the assessment process to check their current situation. The research also reveals that the beneficiaries did not also clearly outline how they intended to use the borrowed money and this promoted the idea of borrowing without a plan. The programme may have ended up attracting the wrong kind of clients who never had intentions to pay back the loans. In addition, it was found out that under the usual MBT criteria most of the beneficiaries would fall short for selection. This further says volumes about the lack of stringent selection criteria. There is an indication, that this particular programme may have concentrated much on satisfying the partner’s in terms of numbers of actual loan disbursement while neglecting stringent selection criteria that should come with it. The afore said notwithstanding, the beneficiaries who were identified and selected were then supposed to attend trainings and workshops for them to be eligible for loan receipts.

### 4.2.2 Trainings and workshops

Training was the first component of the project to be facilitated prior to the provision of credit. The trainings were conducted by both CHS and MBT officials in the hall at CHS Ndola and it lasted for 3 days. During the trainings, the beneficiaries were provided with food and transport to and from their homes. The training focussed on loan terms, entrepreneurship and business skills for prudent management. According to progress reports, 4 training sessions were facilitated between 2008 – 2010 and no training was done in 2011. Each training session was attended by 20 - 24 potential beneficiaries and those who successfully completed these trainings were eligible for receiving a loan. .

From the discussion with the respondents, the researcher learnt that members were aware of important elements of business management. The most important issues mentioned by the respondents as been learnt during the training sessions included;

* How to pay for your own labour by putting yourself on a salary
* How to separate business from family.
* The importance of diversification and how to handle competition
* How to save and use credit capital in a business
* The importance of keeping business for loans and customer information.
* How to treat customers so that they come back again

29 respondents said training was very important and it helped them while 3 said it was not helpful because it was only procedure and therefore it wasted time. It is one thing to be armed with information but another to incorporate it in real business. Despite the fact that these training sessions were appreciated by most beneficiaries, the researcher observed that very few incorporated these trainings in their businesses. There was a general thought, that some lessons learnt could only be applied in large businesses. Some said it was difficult to continue keeping records which were not showing anything positive especially in cases where they sold nothing. For example a woman selling charcoal said “*I used to keep records at first but I stopped because it is not important since I already know my profits from each bag I sell*.” Furthermore, there was no follow up training or feedback to help address new challenges faced by the beneficiaries.

### 4.2.3 Loan processing and disbursement

The period between application, training and finally receipt of the loan took an average period of one month. For beneficiaries to be eligible, they needed to be residents of Ndola and should have attended the trainings. Most beneficiaries were happy about the literal bureaucratic procedures and the reasonable interest rates they were paying. They considered MBT as understanding when compared to other microfinance institutions, which have the power to confiscate property. When asked what their major drive for paying the loan was; the majority of the respondents said because they wanted to receive another larger loan, 15 percent said because they were afraid of being embarrassed in their communities and 6 percent said they either were afraid of having their property being confiscated or going to jail.

**Figure 4.2.3: Motive/drive for paying back the loan**

However, others expressed concern on the period taken to give a beneficiary the loan. According to some beneficiaries, the gap between applying and the receiving the loan is inconvenient because the longer this period is, the more likely the economic situations can change and the returns of the business will no longer be the same. Similarly those who finished paying back the loans on time also had to wait for a longer period of time to get another one which discouraged others in getting their next loan. Market analysis showed that it takes an average of one to two weeks in other microfinance institution to receive the loan after application.

#### 4.2.3.1 Individual and group loans

One component that concerns loan design under disbursement is the type of loan scheme. Initially in 2008, MBT used individual lending schemes to reach out to its target group. Individual lending was preferred to group lending because group loans depended on self-selection which was difficult because the beneficiaries were scattered in different locations of Ndola. The individual loan scheme however, proved challenging because the beneficiaries were not coming to pay at CHS offices as expected and it was cumbersome for the credit officer to go around collecting payments. In 2009, MBT decided to change to group lending approach. Each group consisted of five members who resided in the same area or worked in the same location. Although these were termed as group loans, the loans were given to the beneficiaries individually.

Nevertheless, the change from individual to group loans did not show tremendous improvements in loan repayments as it may have been expected. This can be attributed to the weak formation of these groups. For example, when MBT changed the scheme from individual to group loans, beneficiaries who still had outstanding loans were grouped based on where they resided or their working places hoping that this could encourage repayments. It was, however, observed that with such an arrangement no significant change could be made as the beneficiaries are not willing to pressure their colleagues about a previous loan they never received together.

Furthermore, the group loans failed to work effectively because group members did not share the same commitment towards paying back the loan due to lack of proper self-selection within the groups. One major reason is that the groups were mainly formed based on the people who were trained at that time and this restricted the beneficiaries’ choice of group mates. Some members for example were put in a group because others had selected themselves and since they had no group they had no choice but to make one with the remaining candidates. It was also difficult for a beneficiary to refuse to be part of a particular group with members who had been trained even when that person felt the other members were not credit worthy. Secondly, some beneficiaries resided in distant areas from other beneficiaries and even though they belonged to the same group, they could not monitor their colleagues or be monitored thus making group activities difficult.

It has been said by the credit officer responsible for the livelihood project that putting people with disabilities in a group for a loan sometimes limits their ability to pay because they influence each other negatively and that they fail to put the same amount of pressure on their colleagues to pay as the able bodied. Furthermore, failure of MBT in implementing rules such as; a group member not getting a loan after other group members fail to pay also contributed to members being reluctant in putting pressure on their group mates to pay the loan. There is also a general unwillingness among the target group to help each other in paying back the loan. 90 percent of respondents prefer to get the loan individually for reasons that group loans; encourages laziness because others tend to be reluctant, it is difficult to pressure another person to pay. One beneficiary who owns a shop in Chipulukutsu said, “*I don’t like group loans because it delays progress when I want to get another loan and sometimes it just brings confusion”*. Those who supported group loans cited encouraging and helping each other as the major motivator for their preference. Additionally, the group loans under the Livelihood project also lacked tangible group benefits apart from members assisting each other in repaying. Incentives such as pooling of resources in achieving economies of scale, skills exchange within the groups would encourage members to participate more.

Additionally, 71 percent of the respondents said they would not mind being in a mixed group with able bodied while the other 29 percent preferred to be in a group exclusive to people with disabilities. some respondents felt that being in a mixed group would be good for inclusiveness, others felt their fellow disabled were more crocked and less committed, others said being in the group with able bodied was complementary because able bodied could assist them with things they were unable to do efficiently. A beneficiary said, *“when you are making payments, the able bodied person can pass through the houses and collect the money, therefore reducing the burden of going to repayment centres which is usually a challenge”*.

#### 4.3.2.2 Loan amounts

The beneficiaries received loans ranging from ranging from 500, 000 ZMK – 750, 000 ZMK (80 euros - 130 euros) based on the assessment by the credit officer. Those who managed to pay back were given repeat loans of a larger amount. However, 70 percent of the respondents thought the Livelihood programme was not helpful enough because this money was little. They argue that the money given in loans is too small because; it limits the type of business an entrepreneur can do, many therefore, fall in a trap of unfamiliar businesses that eventually fail. 30 percent of the respondents said the money that was given under the Livelihood project was not sufficient to establish a sustainable start-up business. Others state that people with disabilities usually have a backlog of problems and therefore giving them a small amount of money would only go to solve their problems. Lastly, their argument is that, the cost of operation for people with disability is higher than able bodied persons, therefore when a small loan amount is given, only a small proportion will be used to invest in the business and the rest will be used to cover operational costs. These costs are attributed to such things as transportation of goods assuming that a non-disabled peer would avoid these costs perhaps by walking.

On the other hand, it has been said giving the target group a larger loan is not very easy to recover as most of them do not put the money in the businesses that could generate them incomes. The findings confirm that few beneficiaries invested all their loan money in their current business and that most beneficiaries ended on the second loan. This may signify the target groups’ ability to pay back smaller loans as opposed to larger ones. Viewed differently, a MBT staff also adds that the investment turnover of persons with disability is lower than persons without disability. This in part can be explained by their mobility challenge which as a result constrains them from executing several important errands and activities.

### 4.2.4 Loan monitoring and repayment

Preceding the disbursement was the monitoring and eventually the repayment of the loan. In the initial stages of the programme, the beneficiaries took their monthly repayments to the CHS Office and this payment was recorded in a register. The credit officer had set a date when he collected the payments from the CHS office and made a follow up collection on those who did not pay to the CHS officer. However, it was noted that very few people were coming to make payments at the CHS office, some respondents said it was too far.

With the introduction of group loans in 2009, each group agreed on a meeting centre where they met with the credit officer to discuss arising issues and made payments towards their outstanding loans. These same meetings were also considered as part of monitoring. The credit officer came from Luanshya and set a regular schedule to visit the centres and homes of those who did not come to the centres. It was learnt that most beneficiaries, however, rarely came to these meetings as a result of which the loan officer had to visit them at their homes. Inspite of these efforts, some of them could not be found because they were out or hiding on that day. Certainly, the lack of MBT office in Ndola (operation area) also contributed to the poor recovery of these loans. Since the officer had to come from Luanshya and almost visited all beneficiaries scattered in different areas, he had challenges in conducting the monitoring. In addition, the credit officer did not have reliable own means of transport and he sometimes used public transport to get to all the areas. It was noticed that the credit officer stopped going to some of the beneficiary’s homes to collect repayments obviously due to some of the beneficiary’s frequent non-repayment. This was evident when the researcher learnt that some beneficiaries were not aware that the credit officer had changed. MBT changed the credit officer in charge of the Livelihood project after the one who was in charge was transferred to another town.

To put picture of repayment rates into perspective, the table below shows the 32 respondents who between 2008 and beginning of 2011 got a loan under the livelihood project. It separates those who only got one loan and those who got second loans after paying their first one. The groups are also divided into two parts showing those who still have outstanding loans and those who have fully cleared their loans.

**TABLE 4.2.4 THE LOAN REPAYMENT STATUS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | **Gender** | | **Total** |
| **Man** | **Woman** |
| **Loan Status** | **Repaid loan** | **4** | **10** | **14** |
| **Unpaid loan** | **7** | **11** | **18** |
| **Total** | | **11** | **21** | **32** |
| **Number of loans got** | **1** | **8** | **6** | **14** |
| **2** | **3** | **15** | **18** |
| **Total** | | **11** | **21** | **32** |

From the above table, it is clear that there are a larger number of women getting loans and eventually paying back as compared to men. The table also shows that the repayment rate is below 50 percent which is by far less than the recommended 90 percent as discussed in the literature review. Besides this, MBT is faced with frequent late repayments. Beneficiaries rarely pay on time and according to the MBT progress report of 2011, 39 Million ZMK (6, 615 euros) is the portfolio amount at risk with 90 percent chance of non-repayment. The PAR percentage which is determined by the lateness of the outstanding loans is currently very high and this explains why MBT wishes to write off these loans to avoid affecting the entire loan portfolio quality.

When moving across centres during collection of repayments every 2 weeks, the credit officer took a loan schedule to record biweekly repayments, interest and savings. However, it was found that sometimes the loan officer only went with a piece of paper and the beneficiaries were not given any form of records like receipts. This raised doubtful concerns among some beneficiaries concerning the credibility of those records. One respondent said “*the loan officer only comes with a piece of paper and does not give us any receipt, and I have been paying but he keeps coming so I have stopped”.* This poor recording diminishes the confidence of the clients in the repayment process and there is need, therefore, for MBT to improve transparency in its operations. In addition, 75% of those with outstanding loans could not specify how much they still owed stating that the records were kept by the credit officer.

There was no monitoring done on the businesses of the beneficiaries to ensure they were able to pay back the loan therefore most of the beneficiaries were able to misapply the money without the loan officers knowing in good time. In other words, the credit officer did not check to verify the existence or operation of the beneficiary’s business. 90 percent of the respondents said no one monitored how they were performing as a business.

#### 4.2.4.1 Appropriate repayment period

The loan repayment period under the livelihood project was six months and beneficiaries were paying monthly. MBT decided to change it such that the beneficiaries were now paying biweekly. The rationale of dividing the monthly payment into biweekly was to lessen the burden on the beneficiaries, which has good benefits for both the beneficiary and the microfinance institution. It lessens the burden on the beneficiaries because they pay back smaller amounts and it reduces the risk of late repayment for the microfinance institution. It has been observed that there is a poor credit culture among the target group and the longer the period they are given in which to make repayments the less likely they will pay on time. The reasoning behind this is that, people tend to relax when the period is longer and feel the period of repayment is very far. Partly, this is exacerbated by the non-tangible punishment present for late payments.

However, what is often neglected in the application of this term is that the biweekly period of repayment inhibits the investment to generate sufficient return to make significant change in the business or life of the beneficiaries. One beneficiary said “the period of paying back is too short such that it puts me on pressure and it’s like I am merely working to pay the Microfinance institution because I remain with no profit after paying back the loan.” Furthermore, some businesses are seasonal and experience fluctuations in the cash flow. For example, a tailor which is the commonest business among the target group receives quantity orders when schools are enrolling new students and they need uniforms. Therefore, before the tailor finishes serving this order, she/he will not have sufficient money to make repayments. Therefore, sufficient time needs to be given to allow maximum return from investment. Generally, it has been observed that the investment turnover of businesses run by the target group is also lower compared to non-disabled people because most businesses are run by one person and disabled people are disadvantaged by their uneasy mobility.

## 4.3 SOCIAL- ECONOMIC IMPACT

### 4.3.1 Loan utilization

The beneficiaries that that accessed loans invested in various enterprises of their own which ranged from tailoring, stationery, selling second hand clothes, radio and TV repair to selling charcoal. Service enterprises which mainly composed of tailoring and electronic repair accounted for 50% of respondents’ businesses while 49% for trading and the 1 percent was home base manufacturing particularly manufacturing of honey.

**Figure 4.3.1a: Types of businesses**

The findings show that 13 operated the business entirely alone, these include businesses such as tailoring, electronic repair where a certain skill is required, while 10 used their family members in the business, 4 respondents had one employee in their business and only 3 had two employees. This is consistent with other researchers who have described the businesses run by people with disabilities as being small. Mostly, the businesses are run with the help of the families which sometimes makes it difficult to distinguish between business and family.

68 percent of the respondents agree with this and indicate their reservations of either operating as partners or with other family members. Mostly, there is lack of trust in operating with other people. One respondent and another beneficiary who was not interviewed partnered with a friend and family member who ran away with the money and as a result they were unable to pay back the loans. On the other hand, there have been demonstrated benefits to those who have successfully partnered with either friends or family members. There is a case of a woman who is involved in trading where the son assists her in ordering and transportation of the goods. This has made her business run efficiently while reducing costs. Another example is a business centre run by three disabled men who now have a business account and have so far managed to repay their loans.

It was found that only 3 respondents had start-up businesses at the time they were receiving the loan, while the other 29 said they already had existing businesses. Nonetheless, out of the 29 respondents who already had existing businesses, 60 percent invested at least some money, sometimes all in another business that was not their core business. This sometimes resulted in beneficiaries investing in businesses that they did not fully understand and as it can be expected they were unable to compete favourably. It was also clearly seen that those who understood the market for their products, had a clearer vision of what to invest in and they were also able to pay back the loan within the stipulated time. The findings also indicate that only 10 respondents invested all the loan money in the business whereas the other 22 put less than half of the loan amount in business or did not put any money at all. For obvious reasons, their businesses could not generate sufficient returns to enable them pay back the loan. What was also very clear is that a majority number of respondents misapplied the loan money and used the money for other activities other than business such as domestic consumption and paying for their children’s school fees.

It is not very clear whether existing businesses have improved with the access to the loans owing to the fact there was no prior measurement of these businesses before loan disbursement. Mostly, business records were also very scanty and respondents could not say how much they earned in a month in terms of business turnover, profits as well as expenditure. Nonetheless, the researcher could estimate that; 4 respondents made atleast an average of 150, 000 ZMK (25 euros) profit per month, 15 respondents made an average profit between 150, 000 ZMK – 350, 000 ZMK (25 – 62 euros) and the other 13 made profits of above K350, 000 ZMK (62 euros) per month as illustrated in the graph below**.** It is shown that most businesses have the capacity to pay back the loan.

**Figure 4.3.1b: Estimated monthly profits**

The researcher notes that the loans were very helpful to some beneficiaries who were able to diversify and increase their income base. In a particular case, a woman who initially was only selling charcoal diversified into also selling rice and thus increased her profits. However, the researcher also observed that there is a lack of prior market research by a number of beneficiaries when investing into new projects. One beneficiary failed to calculate the margins resulting in a loss and eventual collapse of his new venture.

#### 4.3.1.1 Specific challenges facing enterprises of beneficiaries

There are several challenges facing the small enterprises of these beneficiaries. Firstly, it was noted that a number of the beneficiaries operate in poor locations such as homes, church buildings and at the back of other public buildings instead of busy market places. When it comes to trading businesses this is no necessarily a problem because usually these people are well known in their communities. However, for some businesses such as service businesses (tailoring, radio repair) it hinders full market exploitation because the business remains restricted to local people who know of its existence.

Secondly, the places where these people reside are usually high density areas where people have low incomes and are only willing to pay low prices for services. This hinders these small businesses from making reasonable profits. In part, this explains why such businesses remain small and fail to expand. Although, most of the respondents expressed desire to move to areas in the central business district where there is sufficient market for their services and goods, most of them are constrained by high rental fees, high transport costs and other operating costs that come with operating in these market areas.

Thirdly, there is poor debt management in these small businesses. Most businesses experience problems with collecting debts from their customers. Some trading businesses are involved in selling to people (mostly neighbours) who only pay in parts for the goods. However some fail to get the rest of the money and thus lose their capital. Although this is similar to a hire purchase, traders are unable to recover their money since they mainly deal in consumables and this puts them at a high risk of losing their investment money.

Fourthly, after the liberalization of the Zambian economy, there have been several benefits one of which includes the reduction in the prices of electrical appliances such as television sets and radios. These items have become so much cheaper such that repairing them at high cost often is no longer an option. All the five respondents who were involved in electronic repair complained of the negative impact that this reduction has had on the prices at which they do their repairs. They explained how difficult it is now to charge customers high prices when the prices of the actual goods are low. With this development, the business of repairs has slightly fallen forcing the entrepreneurs to reduce their prices. It was observed that these people have great expertise but the amount they are able to generate from their businesses is marginally low.

### 4.3.2 Social Economic Welfare of the Beneficiaries

**Figure 4.3.2a: Demographics of the target group**

As illustrated in the chart, the majority of the respondents are married. This is very significant because findings also show that 44 percent of the respondents’ families rely on one person with income, another 44 person relying on two people with income and the remaining relying on at least 3 people with income in the family. In essence, the person’s capacity to pay back the loan is also dependent on their expenditure and their sources of income. It has been said by MBT staff that married people display more reliably a capacity to pay than the others. This is largely based on the other sources of income available to them as well as their level of maturity. From the list of beneficiaries interviewed, 18 said they had other sources of income. These other sources include those who had spouses running a different business or employed. Some respondents had relatives who could help them when they needed some assistance, other respondents were also partly employed while others were staying with dependants who were employed and yet others had income generating activities apart from their daily main business.

In addition, 46 percent of the respondents although not entirely from their businesses, said they were able to save some money without using it for atleast a month, 28 percent said for days and 25 percent said they could not save anything because everything they earned was consumed. It was learnt that only 20 percent of the respondents were working. In general, the beneficiaries have large families with the average size of a family household being around 6 members who are usually depending on one business. This sometimes hinders small businesses from expanding as most of the profits are consumed and no money is invested in the expansion of the business. Further, 90 percent of the respondents were able to send their children to school from benefits of their businesses and other sources of income. Although their average expenditure could not be established, the researcher found that all the respondents were able to eat at least two meals in a day.

The tables below show the average number of meals that a family takes per day as well as type of mealie meal (maize meal) package they buy to cook their main meal, Nshima[[1]](#footnote-1). The packs in the table represent mealie meal that is packed in in small plastics usually in low profile compounds and the locally ground maize is made at a local hammer mill whereas a bag of mealie meal is bought from the shops while already packaged.

**Table 4.3.2b: The number of average meals in a day**

|  |  |  |  |
| --- | --- | --- | --- |
| **Number of meals per** | **1** | **2** | **3** |
|  | **0** | **11** | **21** |

**Table 4.3.2c: Type of mealie Meal**

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of mealie meal used** | **Packs** | **Ground maize** | **Bag of mealie meal** |
|  | **0** | **5** | **27** |

Given the context, the above information signifies that most of the respondents are not living under miserable conditions or chronic poverty. A family is usually considered very poor if they can’t afford to eat atleast two meals a day or buy a bag of mealie meal. Further, it was revealed that atleast 80 percent of the respondents had household commodities/assets such as furniture and Television set or radio and based on these findings, it can be assumed the beneficiaries are not so poor thereby indicating some impacts of the livelihood project.

## 4.4 WEAKNESSES OF THE PROGRAM AND OTHER POSSIBLE SOURCES OF FAILURE

### 4.4.1 Aid mentality and mob psychology/peer pressure

One main hindrance in such a programme is the aid and grant mentality that exist among some people with disabilities. It was observed by the researcher that, there is a general tendency among people with disabilities in Ndola to associate support rendered to them as aid or grant. This comes from the fact that there are over four disability organisations in Ndola which facilitate disability programmes usually bordering on aid. On that that account, some beneficiaries are reluctant to be part of programmes such as the Livelihood project that requires them to pay back the money. The beneficiaries are usually friends who know each other and often talk about various issues concerning different programmes. With this kind of relationship, it could be hoped that they could influence each other more positively towards paying back their loans but on the contrary most of them influenced each other negatively. One beneficiary from Lubuto said “*some beneficiaries were even telling us that they would not pay back the loan because the money belonged to them. This ultimately affected my level of commitment, because why should I be paying when others are not going to pay back.”* This kind of peer pressure may have impacted on the programme negatively as even those who were committed may have been negatively influenced not to repay the loan.

### 4.4.2 Perceived level of corruption

While talking to the respondents, the researcher observed that there is a high perception among the beneficiaries that the NGOs especially those that deal with disability issues are corrupt. Some respondents allegedly indicated that organisations use the disabled to make money from donors and other government programs. This perhaps explains their general negative attitude towards paying back the loans. Others were misinformed that the money came from donors as grants and CHS wanted to give it to them as loans. These rumours were easy to believe by some of the beneficiaries since MBT is not well known in Ndola. Inspite of these perceptions, the researcher noted that the identification process of beneficiaries was transparent and there were no reported cases of loans and other support going to completely undeserving persons.

### 4.4.3 Poor credit culture and financial illiteracy

From the research, it became evident that there is generally a poor credit culture among the target group. It was observed that most of the beneficiaries rarely borrow to finance their businesses. 60 percent of the respondents had never borrowed from a microfinance institution before the Livelihood project. And most of those who had never gotten loans before the Livelihood project said they either had no interest or were not aware of microfinance. Some beneficiaries lacked collateral, businesses to invest in, others were afraid of loan terms which included the confiscation of property. There was also a myth among some respondents that loan money is ritual because after getting it you face many problems such that you fail to pay. In contrast, those who had borrowed before were seen by the researcher to be more established in a particular business. The findings also show that those who had got a loan from a different institution before as illustrated in the chart were more likely to pay back the loans. The chart shows the total number of respondents who had previous experience of getting a loan from another financial institution as well as those who didn’t, it was noted that three of the four men who had got a loan from another microfinance institution before managed to repay while five out of nine women who also had a previous loan record from other MFI managed to pay. The total number of those who had a previous record of loans that managed to pay back the loan without any balance represents a total of 57 percent.

**FIGURE 4.4.3: PREVIOUS RECORD OF BORRROWING FROM A MICROFINANCE INSTITUTION**

Another challenge is the lack of financial literacy among this group. Only 25 percent of the respondents said they had a bank account. 68 percent did not have a bank account, while the remaining banked with their spouses. Most of people with disabilities rarely use financial services which make it a challenge for the credit officer to assess their capacity based on financial records. In the event when the beneficiaries were unable to pay on time only 3 respondents said they had borrowed at one time to pay back the loan. The rest did not borrow even from their friends to pay back the loan as an obligation. Although this suggests that disabled people are very hesitant to borrow it also highlights the effects of absence of any punishment for either late payment or eventual non-payment.

### 4.4.4 Lack of capacity building training and sufficient preparation

There wasn’t enough preparation in the implementation of the Livelihood programme. This is seen for lack of detailed policy papers and the lack of capacity building training for the loan officers involved in this programme. It has been noted that when handling people with disabilities, one needs to be familiar with their attitudes and behaviours. The lack of such training may have affected the recovery rates because the approach might limit the manner in which the loan officer pushes for repayment. For example, the credit officer said *“some will give you answers like; can’t you see I am disabled, where do you expect me to get the money from?”* Going beyond attitude and behaviour, capacity building allows a loan officer to see beyond disability and assess their business’s ability to pay back the loan. Treating beneficiaries as a group of people with disabilities inhibits the loan officer to see beyond the group and because of that, beneficiaries with a good repayment record were sometimes not considered at a personal level. This discouraged some to get loans again.

### 4.4.5 Autonomy of the two CHS branches

A top down approach was used in the selection of MBT. This means that the CHS Ndola, were not deeply involved in the preparation process of the programme. Therefore it is possible that the goals and perhaps the vision may not have been fully communicated to them to gain their maximum commitment. This is evident when the persons responsible at the Ndola office felt they were only responsible in organising trainings and workshops. It can also be said that there was a lack of good commitment at the Ndola office to monitor and select the beneficiaries based on eligibility. The task was left to one person who was calling all the beneficiaries. In a sense, the autonomy that exists between the two CHS offices in Lusaka and Ndola enables administrators to isolate programmes and as a result there is no priority placed to make the Livelihood programme a success.

### 4.4.6 Customer relations and management

It is evident from the research that there is no clear system that clients can use to lodge in their complaints. Because the group meetings rarely took place, there was no proper communication between the beneficiaries and the credit officer. Poor communication of changes made within the programme also eroded the confidence of potential beneficiaries who felt that the microfinance institution was dishonest and unreliable to deal with. This again, depicts the importance of transparency for MBT to stimulate confidence from the beneficiaries. These conditions included changing the monthly repayment period to the biweekly, changing from individual loans to group loans, changing the loan officer and the introduction of mandatory savings to hedge against default risks as well as improving the savings culture of the target group. Some beneficiaries even complained that they were not being given their savings even after they finished paying back their loans.

## 4.5 CHALLENGES/CONSTRAINTS AND ACHIEVEMENTS/STRENGTHS

### 4.5.1 Challenges and constraints of MBT

In the implementation of the Livelihood project, MBT faced several challenges some of which included the high cost in the project mobilization. Since the target group is scattered in various locations of the town, MBT experienced high costs of mobilization, in loan appraisals and monitoring. Furthermore, with the increase in demand for loan capital among the target group, MBT requires more loan funds to be able to meet this increasing demand. Yet, another major challenge facing MBT is the misapplication of loan funds by the beneficiaries and dishonest behaviour from some beneficiaries. About 15 beneficiaries relocated or ran away after receiving their loans without informing the loan officer of their whereabouts. In addition, the inadequate entrepreneurial skills by most of the target group and lack of experience in running their own business also poses a high risk for the microfinance institution.

### 4.5.2 Achievements and strengths of the project

Since the persons with disabilities were deliberately targeted, the loans have assisted them in growing their enterprises mainly through diversification and this has inherently enabled them to increase their house hold incomes. The entrepreneurship trainings given to the beneficiaries have also helped them in improving their businesses. One beneficiary who was involved in electronic repair mentioned how he improved his business with better customer care. He further added that with proper recording of items and labelling them, he had less problems of attending to his clients. Some clients have exhibited excellent performance in the paying back of the loans and this can sometimes be closely related to the trainings which others have considered most convenient since it not only covers business management but also the component of disability. Also Considering the fact that MBT does not have an established office in Ndola, the partnership between the two organizations has helped MBT increase its outreach of assisting the vulnerable groups in society. On the other hand CHS has also been able to see a larger group of beneficiaries paying back as compared to their previous credit programmes. Credit officers have continued pursing payments and out of pressure some clients have been able to finish their loans though late.

# CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

## 5.0 CONCLUSIONS

It is clear from this study that disabled people in Ndola do require access to funding mechanisms and financial services to facilitate self-employment. However, there are issues that have emerged both on the implementation of the project and the attitude of the beneficiaries. From the findings of this research, it has been learnt that there was poor preparation in the implementation of the project. There was lack of clear policy framework to guide the implementers and conceptual clarity regarding expected targets, achievements and future plans of the programme. The researcher also notes less involvement of the implementers in the planning process and advises participatory approach in planning. Further, MBT agree that the staff lack sufficient knowledge in dealing with people with disabilities and therefore needed some capacity building trainings. It is evident that MBT considered the target group as a risk and they exercised caution during the disbursement of loans in the project. However, they may have concentrated more on the amount of loan disbursement and recovery than anything in between. From the selection process, selected candidates were not fully assessed and no due diligence was done, in addition, the monitoring process of the beneficiaries and their business was not very strong as it was only done during the collection of repayment. The program faced logistical challenges due to the vast geographical coverage. While it can be understood that the credit officer came from Luanshya and could not manage to monitor more frequently, the researchers’ context analysis show that group loans of this nature require closer monitoring and guidance which in some other microfinance institutions is weekly. The programme did not offer borrowers adequate incentives for early repayment of loans such as interest rebate, quicker approval of repeat loans and also lacked penalty for late and non-repayment and this may have contributed to the complacency.

The MBT staff state that many of the disabled people are unable to meet the selection criteria of the providers because they lack credit history and being unable to produce the collateral required. The beneficiaries on the other hand often identify biweekly payments and small loan amounts as a higher obstacle for their inclusion in the microfinance mainstream. The challenge in mobility that comes with disability also makes monitoring and consistent group meetings difficult and eventually this leads to a communication breakdown that constrains progress in many ways. CHS did not play a very active role in ensuring the project was going as expected. Their partnership with MBT could be described as being of a “passenger and the driver”. They gave MBT the loan fund and rode in their bus in the entire process. While it is important that CHS facilitated the trainings, their role lacked further scope than that.

This research also reveals that the target group usually own small businesses that are mainly run individually or with help of their family members. However, 68 percent of the respondents point out the influence of family as a negative factor to get access to microcredit as they are not able to trust their family members to support or work with because they are afraid they would take advantage of them. This attitude is similar even when it comes to group loans where 90% share a view that they prefer individual loans to group loans basically for the same reasons of trust and general unwillingness to help each other in paying back the loans. The beneficiaries also have negative attitudes towards paying back loans which is sometimes influenced by the mob psychology or peer pressure while their perception of disability organisation is not good either. Most of the respondents rarely put all the money in the business and some just misapply it. Finally, the research shows with reservation on causality that the beneficiaries’ social status is good with atleast all the respondents affording atleast two meals in the day, able to send their children to school and with household commodities in their homes. This is inconsistent with existing literature and may suggest that there has been positive impact of the loans in the lives of the beneficiaries. Anyhow, some of the beneficiaries remain with outstanding loans not because they can’t afford but because they are not willing to pay back.

Finally, the current microcredit programme by MBT has enormous possibilities in Ndola and other towns in Zambia. Slowly, that target group have realized with the pressure being put on them to pay, that the money that was given to them was a loan. Gradually, less committed people are been strained out. More awareness on the target group is required to clear their wrong perceptions and let them in on the benefits of microcredit and why they should pay back. That will definitely bring well cherished inclusion in the mainstream of microfinance and minimizes poverty levels among the people with disabilities.

## 5.1 RECOMMENDATIONS

### 5.1.1 Mainstreaming of clients to formal financial systems

The project should put in place a mainstreaming Programme in which the beneficiaries are allowed to graduate and be put on an ordinary MBT Programme. This will increase the impact created by the Cheshire Fund by increasing the number of people with disabilities who can access funds. And at the same time it will also ensure MBT takes a share in the risk involved with disbursing loans to this group. In addition, this will allow clients with capital intensive project to access individual loans that are larger without putting their group mates at risk.

### 5.1.2 Training and workshops

There should be more regular and scheduled trainings/capacity building programs for clients in groups as well as providing ‘onsite’ training at the individual level. Exposure and exchange programs need to be started so that groups/individuals can learn from each other to enhance motivation. Since this evaluation identified that beneficiaries are almost in similar businesses, successful ones can help others to also become successful. E.g. most tailors said they would appreciate if the trainings could include specific trainings such as trainings on how to sew suits which they mentioned as being more profitable.

### 5.1.3 Opening an office in Ndola

MBT should consider opening an office in Ndola, This will lessen the burden involved in conducting monitoring and it will allow the clients to easily have access to the loan officer.

### 5.1.4 Loan Terms and design

Considering the above discussion of savings, loan repayment period, loan amounts and loan terms the researcher would recommend that savings be made more accessible to the clients when they need them and a client should be given an opportunity to choose if they want to leave the programme. The beneficiaries should also be encouraged to save at a personal level. Secondly, the clients should be given a one month period before the first loan repayment; nonetheless, the credit officer should monitor the progress of the business within this period closely, after that, a client can then pay in two weeks period. Thirdly, the size of loan amount given to the target group should grow gradually because their stock or investment turnover is low as compared to the able bodied. However, the performance of individuals should also be noted so that good performers are rewarded with larger loans.

It should be noted also that if loans grow too gradually it demotivates the client and thus he/she does not pay. Fourthly, MBT should consider putting incentives for early repayment like interest rebate, quick approval of repeat loans and also penalties for late repayment and non-payment. With the poor credit culture in Zambia, a person is less motivated to pay if they have nothing to lose.

### 5.1.5 Internal management and operational activities

The loan officers responsible for the project should be trained in disability issues to have a better understanding. The officers should also be motivated interms of pay based on their performance in this project. It can be easily envisaged that a loan officer with over 200 clients with a distinction of those who are disabled and non-disabled may focus more on the more paying group and attribute the other group to attitude and difficult to collect.

### 5.1.6 Selection and groups

**Organization** - A business developer who has good scope of disability issues should be hired by CHS. Therefore, the selection should be two pronged. First CHS should sensitize the target group about microfinance and its pros and cons. Then interested people should form groups and come to the CHS (business developer) for assessment. After they have passed theassessment they will then be referred to the MFI for another assessment after which they will be ready for trainings and they receive loans immediately after the trainings. Those who manage to payback first loans are only assessed by the MFI. The DPO should also offer advisory and business development services to the beneficiaries.

**Pwd**-With the assumption that ‘group products’ will stay the most common microcredit service in the mainstream for this group, it is recommended that persons with disabilities recognize the importance of group dynamics and to learn how, within a group, they can create their own viable schemes through more awareness and trainings. Since each group is comprised of five members, there should be an option/choice in groups to include utmost two non-disabled persons if they are the only people known to the beneficiaries.

**Family** - The family should gain the trust from People with disabilities in order to collaborate together. They should be more supportive and helpful in the running of the business.

### 5.1.7 Monitoring

The DPO should monitor the groups to ensure group coherence and encourage the groups. The loan officer should make it mandatory for beneficiaries to produce some form of simple records and he should also monitor the activity of the business by visiting the beneficiaries’ place of business to verify that loans are used for entrepreneurial activities.

The relationship between MBT and CHS (business developer) should be improved by having atleast 2 formal/informal meetings in a month.

# 

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# APPENDICES

**QUESTIONS USED FOR ORAL INTERVIEW OF BENEFICIARIES**

1. Were you aware of micro-financing before livelihood (MBT) programme?

Yes [ ] No [ ]

* 1. Have you ever got a loan before?

Yes [ ] No [ ]

* 1. If not why? …………………….……………………………………………………………………………………………………………………
  2. if yes for what purpose

School fees/materials [ ] Household/Food [ ] Business [ ] Others [ ]

1. Did you have an existing business when you got the MBT loan?

Yes [ ] No [ ]

1. If yes how old was your business when you applied for a loan.

Less than 6 Months [ ] 6 months - 1 Year [ ] More 1 Year [ ]

1. If no, have you ever been involved in any other business before?

Yes [ ] No [ ]

1. Did you receive any form of training before getting the loan?

Yes [ ] No [ ]

* 1. Do you think training is important? Yes [ ] No [ ]
  2. Do you feel you benefited from the training?…………………………………………………………………………………………
  3. Is there anything else you would have liked the training to do?……………………………………………………………..

1. Did the loan officer visit you at your home prior to receiving loan money?

Yes [ ] No [ ]

1. How much money did you borrow? ………………………………………………………………………………………………………………
2. How did you intend to use the money you borrowed?………………………………………………………………………………….
3. How much loan money did you actually put in the business?……………………………..............................................
4. Did you have anywhere you could get this money from (Family, friends, club).................................................
5. Did your household spending on food and necessities change after you used the loan?

Increased [ ] Remained the same [ ] Decreased [ ]

1. How were you scheduled to payback

Weekly [ ] biweekly [ ] Monthly [ ]

1. Was the interest rate fair?

Fair [ ] Not Fair [ ]

1. Is your business still around

Yes [ ] No [ ]

1. How much profit do you make in your current business per month? ………….………………………………………………………………………………………………………………………………………………
2. Do you think there things that you can afford to buy now that you could not afford before you got the l Yes [ ] No [ ]
3. Was there someone else you involved in running your business?

Yes [ ] No [ ]

1. Where is your business located? ……………………………..............................................................................................................................................
2. What do you think about doing business with family members, friends or partners

………………………………………………………………………………………………………………………………………………………………………

1. After been given the loan. Was there someone who was coming to see how your work is progressing

Yes [ ] No [ ]

1. Do you have any other source of income? ………………………………………………………………………………………………………………………………………………………………………
2. Have you finished paying back the loan

Yes [ ] No [ ]

1. Did you at any time borrow to pay back loan?

Most of the time [ ] sometimes [ ] never [ ]

1. If the answer to Q 19 is NO, How many times did you manage to repay?

None [ ] 1 - 2 [ ] 3 – 4 [ ] above 5 [ ]

1. Period of lateness (considering when you were scheduled to finish paying)

………………………………………………………………………………………………………………………………………………………………………

1. Where did you get the money you used to pay for the loan

……………………………………………………………………………………………………………………………………………………………………

1. Do you think this programme was helpful? ………………………………………………………………………………………………………………………………………………………………………
2. Do you think you can succeed with an MBT loan without putting in your own capital?

Yes [ ] No [ ]

1. How would you describe the convenience and efficiency of the loan service?

Very Good [ ] Good [ ] Fair [ ] Bad [ ]

1. Do you think MBT is too strict or too lenient?

[ ] Strict [ ] Moderate [ ] Lenient

1. How far are you from the loan repayment or disbursement center?

Very far [ ] Far [ ] near [ ]

1. Do you think it can contribute to your not paying? ……………………………………………………………………………………………………………………………………………………………
2. Were you given an individual or group Loan

Group Loan [ ] Individual [ ]

1. Do you prefer individual or group loans

Individual [ ] Group [ ]

1. What do you think of group loans ………………………………………………………………………………………………………………………………………………………………………
2. Would you prefer a group with only disabled people or a mixed group with abled bodied

Mixed [ ] only disabled [ ]

1. Which one of the reason below drives you to pay back the loan?

[ ] Fear of embarrassment in the community [ ] Fear of being jailed

[ ] Fear of having property grabbed [ ] Desire to have a bigger loan

1. How do you view helping each other as group members to pay the loan ………………………………………………………………………………………………………………………………………………………………………
2. How were you selected to be in the group ………………………………………………………………………………………………………………………………………………………………………
3. Was your group mixed or not …………………………………………………………………………………………………………………………………………..............................
4. Do you regret getting a loan in this program?

Yes [ ] No [ ]

1. Are you going to get a loan again

Yes [ ] No [ ]

1. Did the loan improve or deteriorate your life?

………………………………………………………………………………………………………………………………………………………………………

1. What other challenges did you encounter in your business ………………………………………………………………………………………………………………………………………………………………………

**CHECKLIST**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1 | | 2 | 4 | 3 |
| **Household** | | | | | |
| Gender | | Female | Male |  |  |
| Age | | * 20 | 20 – 30 | Above 30 | Age |
| Marital Status | | Married | Single | Widowed | Divorced |
| Education | | No education | < Primary school | < Secondary school | < Tertiary education |
| size of house holds | | < 4 | 8 – 7 | 8 – 10 | 10 and above |
| No. of other households with income | | None | 1 | 2 | 3 and above |
| Do you have  TV/Furniture/Radio | | Yes All | Yes some | No |  |
| Employment | | Still employed | Once employed | Never worked |  |
| Preference | | Formal employment | Self –employment |  |  |
| No. of Meals per day | | 1 | 2 | 3 |  |
| Type of Nshima | | Small packs | Gridded maize | Able to buy a bag of maize meal |  |
| Do you have bank a/c | | Yes | No | Partner/Family |  |
| Savings | | None | For days/weeks | Savings in the bank |  |
| Education of children | | Unable to go can’t afford | Sending some to school | Sending all to school |  |
| Rent/own housing | | Rent | Own house | Anything else |  |
| Fuel | | Small heaps of charcoal | Bag of charcoal | Electricity | Others |
| Health | | Cant afford | Hardly afford | Can afford | Easily afford |
| **Business** | | | | | |
| Type of business | | Home based manufacturing | Trading | Service | Others |
| Number of loans got | | 1 | 2 | 3 |  |
| Loan status | | Repaid | Still paying | May pay | Can’t pay |
| Business after loan | | Expanded | Remained same | Declined |  |
| Business now | | Stable | Unstable | Another business | Non existent |
| Loan use | | Buying asset | Buying stock | Increasing business size | Others |
| Employees in your business | | Family | 1 | 2 | none |

1. Nshima is the staple food in Zambia, it is made from maize meal and a family usually eats a nshima meal for lunch and supper. [↑](#footnote-ref-1)