



# **MIDLANDS STATE UNIVERSITY**



**Faculty of Arts**

**Impact of Internal Savings and Lending Schemes on poverty reduction in**

**Gokwe South.**

**By**

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**Dissertation submitted in partial fulfillment of the requirement of  
the Master Degree in Development Studies.**

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## **DECLARATION**

I Tapiwa Muzadzi Gudza declare that this thesis is a result of my original effort and work, and that the best of my knowledge, the findings have never been presented to the Midlands State University or elsewhere for the award of any academic qualification. Where assistance has been sought it has been acknowledged accordingly.

Tapiwa Muzadzi Gudza

Signature \_\_\_\_\_

Date \_\_\_\_\_

Supervisor : Mr Munhande

Signature \_\_\_\_\_

Date \_\_\_\_\_

## **DEDICATION**

*This thesis is dedicated to my wife Chipu, son Eugiene and my late Grandmother Mbuya Kuutsi*

## ACKNOWLEDGEMENTS

I would like to thank God for his guidance and protection throughout the course of this study. My wife Chipo and son Eugiene it has been our journey together. Amanda my sister your support throughout this study should not go unnoticed. McDonald for helping me sort my numerous questionnaires. My profound gratitude goes to my supervisors Mr. Munhande and Mr. Hahlani, your wisdom directed my path throughout this research. May God greatly bless you. I am greatly indebted to my four research assistance namely Shauline Chuma , Edwin Hondo , Lovegirl Vera and George Gogwe for community mobilization and linking me to various groups. Lastly I would like to thank all that participated in this research namely Mark Harper, Hungwe, Mahohoma , Shona , Jekwa. My workmates have been supportive in this research and deserves recognition especially Mr. Makota and work partner Sitsha Brian and Mayibongwe Mabanda. My academic best friend and study partner Luke Njenda I thank you for your support throughout my studies and this research. Tariro and Rudo and the *MADS whatsapp Group* of my classmates you guys are great your suggestions were helpful.

## **ABSTRACT**

*This research assesses the impact of ISALS in poverty reduction in Gokwe South by analyzing the operations, benefits and challenges of the funding methodology. The research uses methodological and data triangulation in an attempt to make an informed conclusion about ISALS as a mitigating strategy against poverty. The research goes a step further to evaluate the extent ISALS have reached the poorest. The research analyses Household Economic portfolios and loan portfolios of groups in Nemangwe 5 ward 9; Ngomeni ward 5 and Ndhlalmbi 3 ward 32, using a cross section design. Participatory Observation played an important part in this research. The research concluded that ISALS were playing an important role reducing poverty, how there was need for external linkage to support the ISAL groups. However there was a gap in terms of reaching the poorest.*

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Appendix 6: Electronic Key Informant Interviews (Erstwhile Concern Country Director)

## **LIST OF ACRONYMS**

ADRAI - Association for Development by Research and Integrated Action

AFC - Agricultural Finance Cooperation

AfDB - The African Development Bank

AIDS – Acquired Immuno Deficiency Syndrome

ASCA - Accumulating Savings and Credit Association

CADEC - Catholic Development Commission

CBT – Community Based Trainer

COMSIP - Community Savings and Investment Program

DRC- Democratic Republic of Congo

ESAP- Economic Structural Adjustment Programme

FTLRP - Fast Track Land Reform Program

HEPM - Household economic portfolio

HIV- Human Immuno Virus

IGAs- Income Generating Activities

IGATE - Improving Girls Access Through Transforming Education

IMF - International Monetary Fund,

ISALS- Internal savings and Lending Schemes

MFI - Microfinance Institutions

MIX - Microfinance Information exchange

MOHCW - Ministry of Health and Child Welfare

MSMEs - Micro, Small and Medium Enterprises.

MWAGCD- Ministry of Women Affairs, Gender and Community Development

NACSCUZ - National Association of Cooperative Savings and Credit Unions of Zimbabwe

NACSCUZ - National Association of Cooperative Savings and Credit Unions of Zimbabwe

NGO- Non Governmental Organisation

PSP- Private Sector Partnership

ROSCAs- Rotating Savings and Credit Associations

SACCOs - Savings and Credit Cooperatives Societies

SAPS - Structural Adjustment Programs

SDCs - School Development Committees.

SDM - Savings Development Movement

SEWA - Self- Employed Women's Association

SILC- Savings Internal Lending Communities

UNDP- United Nation Development Programme

VSL – Village Savings and Lending

WARDCOs -Ward Development coordinators

WB - World Bank

ZAMFI - Zimbabwe Association of Microfinance Institutions

## **INTRODUCTION**

This study examines the impact of Internal Savings and Lending Schemes (ISALS) in Gokwe South. The research is motivated by the need to understand whether ISALS provide avenues for the poor and the poorest to meet their basic needs. The study examines whether the schemes incorporate the very poor. Most studies have generalized ISALS as a programme that has positive impacts on the poor but there has been a gap in terms of distinguishing various categories of the poor. Some scholars have argued that female headed households are the poor of the poorest however ZIMSTAT statistics paints a different picture which shows that generally male headed households experienced extreme poverty than their counterparts (ZIMSTAT 2013). Gokwe South has been chosen as an area of study since few researches has covered ISALS in the area. The inquiry will use methodological and data triangulation to evaluate the extent ISALS can be used as tool of poverty reduction.

Poverty brings indescribable suffering to human kind, ridicules self-esteem and shortens life. Governments and Non Governmental organization have designed and redesigned programs to put an end to poverty with varying degrees of success. Poverty still remains one of the greatest challenges to human kind. The challenge of studying poverty radiates from the character and complexity and diversity of poverty. Poverty is complicated, according to Life (1987) the contestation of studying poverty is that the underprivileged themselves are not a homogeneous group, they have various categories. People living in poverty do not have sufficient and secure livelihoods. They are defenseless to HIV and AIDS, precarious and unlawful work such as prostitution, child labour and manipulative working conditions. According to UNDP (2014) poverty is not a sheer absence of sufficient remunerations, but it is a nasty combination of human deficiencies in knowledge, health, dignity and participation.

In is also lack of voice. The most notable thing is that the poor lack access to loans and savings which can give them an opportunity to engage in self employment and economic development through various income and generating activities. Poverty is a multidimensional with complex linkages and various strategies have been used to mitigate it. Internal Savings and Lending Schemes is one of the approaches that have been adopted to provide financial access to the poor. With most NGOs and Government moving away from giving grants and loans ISALS have become a source of funding for the poor.

### **Background to the study**

According to Allen (2002) ISALS methodology was introduced in Zimbabwe in 1999 by Care International under the name *Kupfuma Ishungu*, a humanitarian organization which fights global poverty which was founded in 1945 to bring emergencies relief to those who had survived in World War 2 in Europe and East Asia (Brannen 2010). ISALS were a modification of Rotating Savings and Credit Associations (ROSCAS). In ROSCAS contributions are predetermined and the cycle ends when each member gets a turn to get a lump sum but in ISALS the members borrow the contributions and returns the amount with an agreed interest and at the end of the cycle the members share all the savings. ISALS are also characterized by a social fund which members can borrow without interest in emergencies such as illness, death, and education of household members (Development Officer Training Guide 2010: 42). ISALS have been incorporated in various programmes such as water and sanitation, HIV and AIDS and girl child empowerment. The funding methodology has been replicated by various organizations in Zimbabwe like Concern, Caritas, World Vision and Welt Hunger Hiife with varying approaches. Ministry of Women Affairs, Gender and Community Development has also taken the mandate to train ISALS.

Though ISALS are popular in Zimbabwe there is a sizeable number of people who are still using ROSCAs as a funding methodology. While ISALS are more common in the rural areas there has been assimilation of the programme into urban areas.

Microfinance institutions provide an alternative source of credit to the 'poor' however the demand of collateral security, salaried employment and guarantors, is restrictive to the rural poor (Qureshi, Saleem and Ali 2012). ISALS seem to be a better option to meet the funding needs of the communities. Despite the attractive nature of ISALS there is a need to examine to what extent they have been able to be a poverty reduction tool and the extent they meet the needs of the poorest people. While poverty can be explained in terms of basic needs theory it is important to evaluate ISALS contribution in such a manner.

### **Statement of the Problem**

The Government, Non Government Organizations and donor agencies have tried to establish viable and accessible financial inclusive systems in rural areas to eradicate poverty. According Peachey and Roe (2006) access to finance in fact empowers people, it provides them the prospects to have an account, to save and invest, to insure their homes or to take a loan and in many cases to liberate them from the clutches of poverty. The assumption of any microfinance intervention and initiatives is that it will improve lives. It is in this context that ISALS have been a funding methodology which has been used to fight poverty, it is imperative to investigate the impact it has on mitigating poverty. The research further questions whether it provides financial access to the poorest as well. The problem can be summarized the statement by Koffi Annan former Secretary General of United Nations



*The stark reality is that most poor people in the world still lack access to sustainable financial services, whether it is savings, credit or insurance. The great challenge before us is to address the constraints that exclude people from full participation in the financial sector.... Together, we can and must build inclusive financial sectors that help people improve their lives (Leticia 2012:12).*

## **Justification**

The research shades light on the impact of ISALS on poverty eradication. This study can be used by policy makers, evaluation departments and Non Government in designing and modifying ISALS to ensure maximum benefits. Important lessons can be drawn from the research to address the short falls of ISALS as microfinance strategy to ensure financial accessibility and as poverty reduction tool.

There is need to fill the dearth of research on whether the poorest participate in ISALS. Most researches have focused on the impact of ISALS on the livelihoods of the poor, however this will inquire whether the poorest participates in ISALS and what has been the impact of the methodology on poverty eradication. Academics and programme managers can make use of the information that will be cultivated in this study.

Few researches have covered ISALS in Gokwe South hence there was a genuine motivation to cover this gap. Most research has targeted ISALS in Zimbabwe as a whole; there was a

need to move from the general to the particular. Hopefully the research provided enlightening revelations in issues of programming in the area that was under study as well as in other areas.

Hulme (2000) states that impact assessment studies keeps donors, it is in this regard that such a study can be used by donors who have invested training in ISALS, hence this study can be a review of their money's worth. The study can provide prospective donors in the programme a glance of the effectiveness of the funding methodology.

### **Aim**

To assess the impact of ISALS on poverty reduction in Gokwe South.

### **Objectives**

- 1 To assess the operations of the ISAL model in Gokwe South
- 2 To identify the benefits of ISALS.
- 3 To examine the challenges of ISALS

### **Research Questions**

- 1 What category of people have joined ISALS and the reasons of joining?
- 2 How have ISALS improved the lives of people?

- 3 Does ISALS uplift the poorest?
- 4 What have been the challenges of ISALS

### **De-limitation of the study**

#### **The Area of Study**

Zimbabwe is situated in the southern part of Africa. It borders with Mozambique, South Africa, Botswana and Zambia to the east, south, west and north, respectively. The country is land locked with a total area of approximately 390.757 square kilometers, and, it has a population of 12.973.808 persons according to the preliminary results of the 2012 (Zimstat 2013:1). Zimbabwe has 10 provinces which are, Mashonaland Central, Mashonaland West, Mashonaland East, Manicaland, Masvingo, Matebeland South , Matabeleland North, Midlands and metropolitan provinces of Harare and Bulawayo.

Gokwe South is situated in the North-western part of Midlands Province with a geographical coordinates of  $18^{\circ} 13' 0''$  South,  $28^{\circ} 56'0''$  East ([www.maplandia.com/Zimbabwe/Midlands/gokwe/gokwe/](http://www.maplandia.com/Zimbabwe/Midlands/gokwe/gokwe/) ). It is bordered by Nkayi (Matabeleland North), Binga (Matabeleland North), Gokwe North RDC, Zibagwe RDC and Kadoma RDC (Mashonaland West). The district is 11477km<sup>2</sup> in area, mainly comprising communal (70%), forestry (9%), game reserve (15%), Small-scale commercial farming (5%) and urban (1%) ([www.maplandia.com/Zimbabwe/Midlands/gokwe/gokwe/](http://www.maplandia.com/Zimbabwe/Midlands/gokwe/gokwe/)).

It is a cotton growing town located 356 km from the capital of Zimbabwe, Harare and 140 km from the city of Kwekwe. It falls under Zimbabwe's agro ecological zones of region III and IV the former is a semi intensive farming region which receives (650 - 800 mm) and the latter is under semi arid areas which receives poor rainfall between (450 - 650 mm ) (OCHA Map). 79.0% of the people are communal farmers and only 0.4 % is unemployed. Gokwe South has a total population of 331386 which consist of 159187 males and 172199 females, in 69619 Households (Census 2012). The district has 39 wards of which 33 are categorized as rural. The district has 6 chiefs (Jahana, Mkoka, Nemangwe, Sai, Jiri and Njelele) as well as 10 headman (Chisina, Mudengezerwa, Masuka, Muyambi, Ngomeni, Ndhlalambi, Huchu, Chirima, Msala), five constituencies (Gokwe Kana, Gokwe Mapfungautsi, Gokwe Central and Gokwe Sengwa), one senatorial seat (Gokwe), 1029 villages and 66 133 households (DAC 2<sup>nd</sup> Quarter Report 2014). The district has 27 clinics, 2 hospitals, 2 institutional clinics for ZRP and Prison Service. Regrettably, the district has three doctors to service over 300 000 people.

Gokwe South has 132 primary schools , 44 secondary schools and no institute of higher learning. The administration town is called Gokwe Centre which has a single vocational training centre which specializes in training the community in various crafts such as welding, carpentry and boiler making, various banking institutions such as Commercial Bank of Zimbabwe (CBZ), POSB, Agribank and CABS. Microfinance institutions include Zambuko Trust, Paramount Holdings and Microfin among others henceforth the rural people have to travel to get these services. Gokwe South has 75.3% of poverty compared to 44% of Gokwe Centre and 17.9% of the people living in extreme poverty compared to 4.8%. (See graph below). This information shows that the Gokwe town is far better than the rural areas.

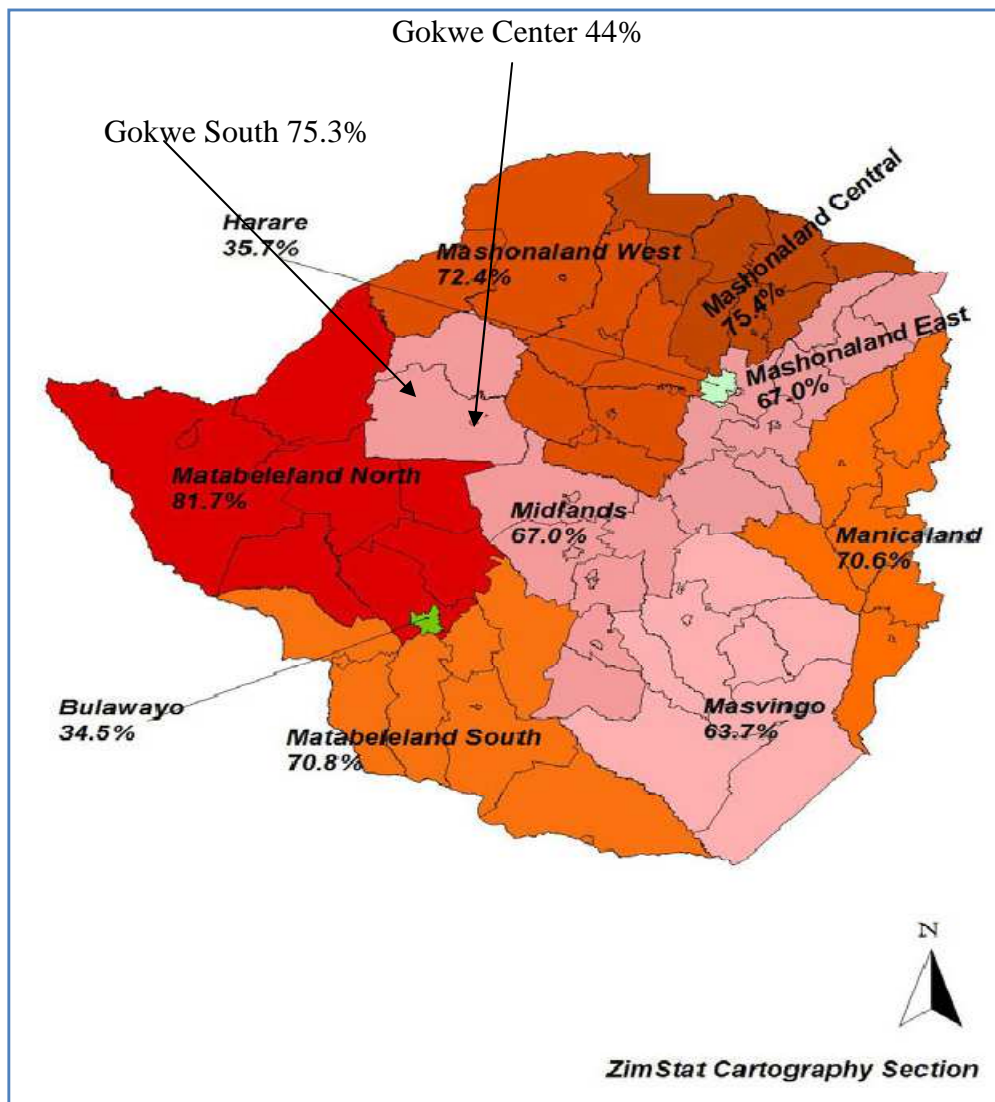


Figure 1:(Percent Poverty Prevalence Zimstat 2013, p i)

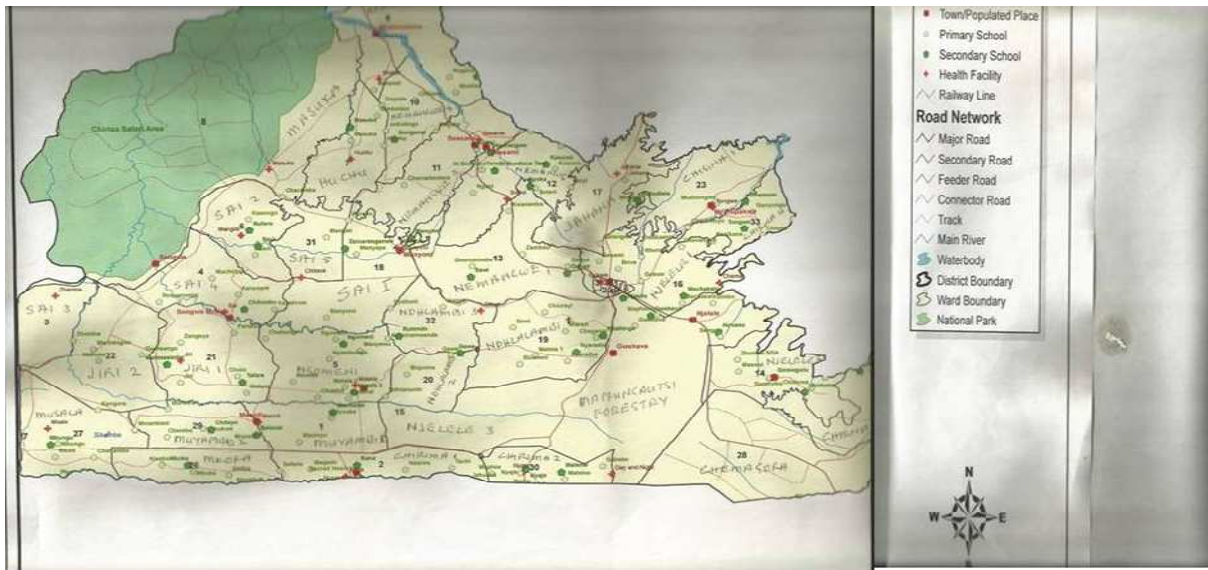


Figure 2: Gokwe South Map

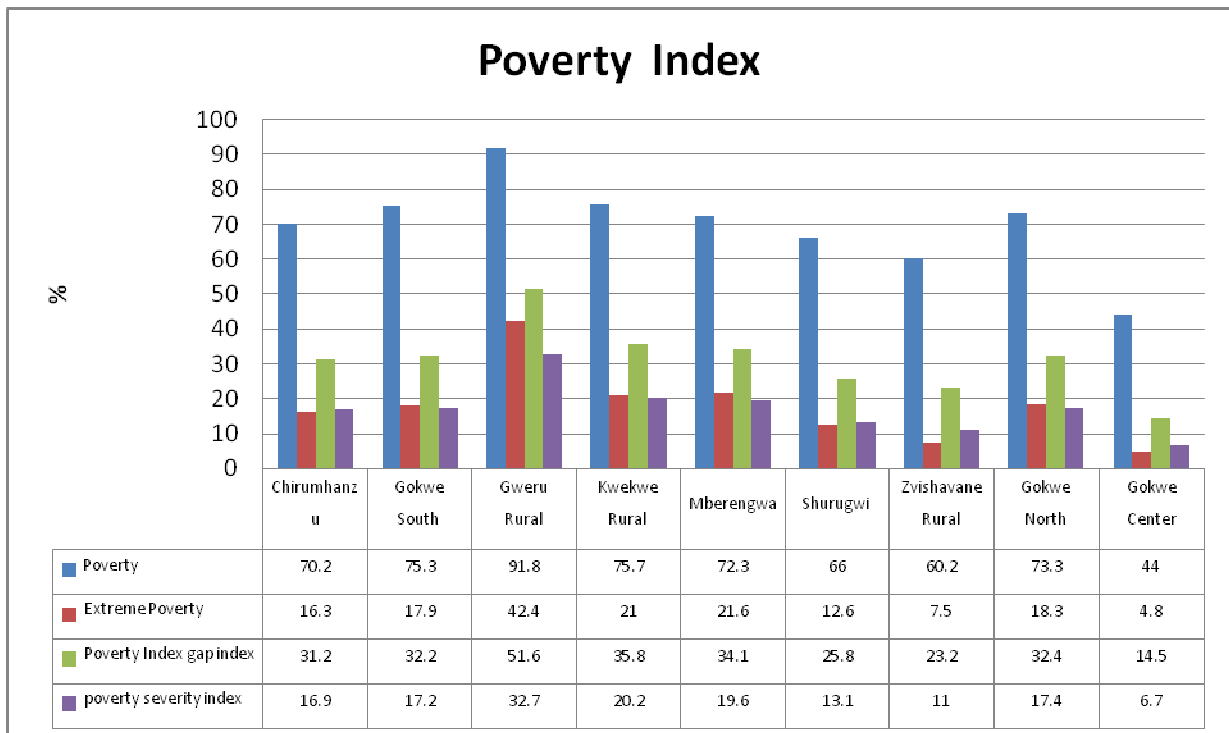


Figure 3: Poverty Index

The research is confined to ISAL groups in Gokwe South District that are in the following wards Nemangwe 5 Ward 9, Ngomeni and Ndhlalambi Ward 32. These wards were picked for convenience purposes. The majority of training of these ISAL groups has been done by Concern Worldwide a Non Governmental Organisation (NGO) which is no longer operating in Zimbabwe.

This research has no specific period because it uses a cross sectional design as its methodology. This method allows the researcher to evaluate the impact of ISALS at a given point in time. Evaluation of the impact can be drawn from current loan portfolios of groups. Most studies have looked at ISALS as a strategy for empowering women however this research does not confine itself to a particular sex.

This study does not review books generally written on microfinance in depth since the topic is broad it limits its focus to literature written on Village Savings and Lending or ISALS and those written to explain poverty.

The term *mukando* will be used to mean Internal Saving and lending or Village Savings and lending Association. The term has been used to refer to ROSCAs by scholars like Mbizi and Gwangwava (2012).

## **Limitations of the Study**

Gokwe South is farming area which made interviews difficult since most of the time people were busy in their fields. The researcher was limited to conducting interviews on Thursday a day set for field breaks known as *Chisi*.

The bureaucratic nature of most organizations of certain NGOs and Government threatened the success of the research. The researcher ensured that all required permissions were sought in time to avoid disappointment during interviews. Permission of the local leadership was sought before getting into the villages to make interviews.

Ethical considerations were taken into account by seeking consent of the interviewees. In addition guaranteeing confidentiality to participants was used as way to ensure maximum cooperation from interviewees. Guaranteeing confidentiality was essential since the researcher was asking personal information which had to do with their household portfolio. The researcher used principles that were propounded by the Belmont report in 1979, which now governs the conduct of modern research. Informed consent of the participants was of primary importance.

Gokwe South is a polarized environment thus non political research can be turned into politics. It was in this case that permission of local leaders was necessary and using familiar



faces as research assistants for people to open up. This research tries as much to mention personal names it only does so in few instances.

### **Assumptions**

The researcher assumed that there will be positive responses from the interviewees especially from the groups of ISALS. The researcher anticipated that the local leadership will not give resistance to the study and that they will influence the groups to participate. Since personal information was given in the interviews, the researcher guaranteed confidentiality to the respondents.

The researcher assumed that he will meet the deadlines of the study. The researcher believed that timely submissions will be made to the authorities.

### **Definition of terms**

**Poverty Reduction/ Alleviation** – Is removing beggary and creating self sufficiency through transformative change by improving lives by reducing the negative impact of poverty and the levels of deprivation as far as possible to meet the basic needs.

**ISALS** - Internal Savings and Lending Schemes is broad it covers self –financing schemes both in urban and rural areas while village and Savings and lending are schemes which targets rural areas.

**Poor** – People who have relative access to human basic needs

**Poorest** - People who experience extreme poverty or absolute poverty who have extreme problems in accessing basic needs.

## **Literature Review**

### **Benefits of ISALS**

Rambo (2012) article assessed the empowerment of women through the Village Savings and Loan Schemes in Rachuonyo District. Using a cross-sectional survey design and triangulation of research approaches he concluded that there was a significant difference in terms of the amount invested in business, net returns on capital, ownership of properties such as land, business premises as well as production equipment and machinery. Women were able to use the returns obtained from VSL to acquire production factors such as equipment, skills and business premises. Financial discipline was another positive component that characterized women who were engaged in VSL than those who did not. His research slanted towards how VSL affected women, while this research will look at ISAL groups without regards of sex. His research pointed out that one of the major challenges of VSL effectiveness was poverty, which is ambiguous to this inquiry. The research needs ascertain the extent ISALS have managed to be a mitigating strategy against poverty.

Chuma et al.(2013) examined ISALS as survival strategy for female –headed households in Mucheke in the city of Masvingo in Zimbabwe. Their research concluded that ISALS played a crucial role in meeting the basic needs. In addition owing to ISALS female headed household managed to buy household furniture, pay tuition fees for their children, and

generate hospital fees as well make food provisions for the families. The study glosses over the participation of the poorest in ISALS. The study looked at the urban context of ISALS but this study will focus on the impact on the rural areas.

Hartley and Rijali (2003) evaluating Care project in Zanzibar found that ISALS were supporting IGAs. Households through ISALS were able improve income and add assets and community knowledge on effective capital utilization.

Allen and Hobane (2004) concluded that ISALS increased household productive and non productive asset levels among most people. There was evidence of housing quality. The study indicated that more people were joining ISALS as a saving instrument compared to other financial methods. 81 % indicated that their status in the community had greatly improved.

### **Participation in ISALS**

Rasmussen (2013) in his PHD thesis investigated the impact of savings and loan associations in Malawi through using a randomized control trial a method borrowed from medicine. The scholar randomly chose 46 villages which half acted as a control and the other as an experiment. The experiment villages had ISALS established while the control retained the status quo. The outcome of the research proved that savings and loans association were indeed important however the poorest of the poor did not participate. While his research was hands-on due to the availability of resources at his disposal this research will base its findings on from interventions that has been done by various organizations who has set ISALS like

Ministry of Women Affairs, Gender and Community Development Ministry of Women Affairs, Gender and Community Development (MWAGCD), Concern , World Vision and Caritas.

Mutesasira and Nthenya (2003), in their study on ISAL groups in Uganda, observed that the groups comprised of very low- income earners. The funding model was better in terms of outreach than other funding methods. The groups had insurance coverage in terms of the social fund which they were using in case of emergencies.

### **ISALS and Poverty Reduction**

Katarwa (2009) assessed the contribution of ISALS to household income poverty eradication in Mubende District in Uganda. 140 respondents were used in his study from randomly selected villages who had practiced ISALS. The scholar used a triangulation of qualitative and quantitative research method. The former approach was used in form of focus group discussions while the latter was used to collect information from beneficiaries, their spouses and children in different households. Her findings showed that 71.7% of the respondents agreed that ISALS had eradicated poverty in their households while 28.3% disagreed. This research will use her approach to measure how ISALS in Gokwe South have managed to eradicate poverty. The findings of her study cannot be generalized to the rest of the world where ISALS has been used as an intervention for poverty eradication. This study will add to the existing body of knowledge that is already available.

Brannen (2010) in his study examined the impact of VSLA in Zanzibar in Tanzania. His hypotheses tested positive for the following assumptions that ISALS provided (1) improvements in economic and social welfare of the household: (2) growth and diversification in income-generating activities (IGAs): and (3) increased empowerment (social , as well economic ) for members. Similarly the study that was done by Anyango, Eipisu, Opoku , Johnson , Musoke and Malkamaki (Vol.18 ,No.1) observed that VSL had expanded to 4,500 members and groups were getting returns of savings as high as 53 percent.

### **Sustainability of ISALS**

Hamadziripi (2008) article examined the importance of networking and linking and trade offs in Member Owned Institutions like VSLAs in Niger. In addition it looked at the trade –offs between accumulating and cashing out. His case study comprised of 25 VSLA groups in the Tahoua region networked and non-networked. He observed that networking threatened internal governance leading it to be more complex and sophisticated. Ownership and control of the VSLAs that have been networked was traded off to Care. His assessment proved that VSALS had more to lose from networking. The sustainability of networked VSLAs was fragile since they were dependent on subsidies. His research argued that networked VSLAs had little prospects of appealing and reaching the remote areas effectively because it was complex and sophisticated. Outreach to remote areas remained elusive to networked VSLAs. Hamadziripi noted that about 50% of women who participated in VSALS were in the vulnerable category. This research will investigate what sort of people are joined ISALS and to what extent has it transformed their lives.

Allen's (2003) article 'CARE International's Village Savings & Loan Programmes in Africa: Micro Finance for the Rural Poor that Works' traced the origins, methodology and impact in Niger, Zimbabwe, Zanzibar and Uganda. His study revealed that about 162,000 received financial services in rural Niger. Women got training that made their literacy, health and legal knowledge increase. Social status increased as well self confidence and self esteem. Capital mobilised nationwide was close to \$3.0 million (Allen 2003). The challenges were the funds they obtained were restricted to small trading, and food processing. Agriculture was excluded from the investments since it was regarded as risky. Stronger groups showed interest in external linkages to credit unions. The legal and policy framework of the country was poorly understood with respect to women's property rights (Allen 2003). In Zimbabwe there was an increase of women joining ISALS and group formations and eventually rapid increase in savings. The research concluded that even in a high inflationary environment there was an increase in livelihood security and increasing purchasing power. In Zanzibar the Grameen Bank methodology (JOSACA) was used where external funds were provided to the groups after they had managed to raise the required 10% of the external loan. Josaca used shares instead of fixed contribution from members (Allen 2002:40). Overall the program was able to inculcate a culture of saving, high level of community awareness and positive programme reputation and reduced negative impact on forest reserves owing to diversification of income generating activities (Allen 2002). In Uganda, Jenga methodology was used which is similar to MMD used in Niger. The impact was felt in the growing number of VSL groups, household income and confidence of women. Mali used the JOSACA methodology with following characteristics: thus time of training was extended from eight months to ten. The reason was include non –financial topics; shareholding was introduced to allow various contributions. The impact has been the existence of autonomous management of savings and

credit activities by groups, large number of women joining in a short time and generation of significant resources to meet household needs.

### **Explanations of poverty**

Poverty has been explained and defined in various ways by different scholars. Handley (etal., 2009) cites that since Second World War the western definition of poverty explains it in terms monetary terms through measuring the levels of income and consumption. The poor are those who fall under a given line called a poverty datum line. World Summit on Millennium Development Goals (2005) asserted that poverty is not matter of income but a matter of enjoying freedoms and human rights and having a life with dignity. However Amartya Sen (1982) saw poverty as capacity deprivation which goes beyond material lack or want it included human capabilities for example skills , physical abilities and also self respect in society. Similarly Muzale as cited by (Dhemba 1999) shares the same sentiments that poverty is more than a physiological phenomenon denoting a lack of basic necessities like foodstuff, physical fitness and clothing, but it is state of lack and hopelessness, were the poor are exploited and denied participation in decision making in matters that intimately affect them.

Human Rights view of poverty see it as disempowering people to attain good health and make informed decisions concerning their social and cultural life (UNHCR 2012:2). Poverty denotes the lack of basic rights such as food, health and political participation. (UNHCR 2012). One reason why the human rights framework is convincing in the context of poverty reduction is that it has the potential to empower the poor (Human Rights and Poverty Reduction 2004). Empowerment can be described as a practice of increasing the capabilities

of underprivileged individuals or groups to make informed choices and to transform those choices into desired exploits and outcomes, and to participate in, bargain with, pressure, control and hold accountable the organizations that have an effect on their lives (UNHCR 2012).

Poverty has been split into two broad categories which are absolute and relative poverty. Absolute poverty can be explained using the basic needs theory of poverty. According Bradshaw (2006) absolute poverty is lack of basic necessities such as food; shelter, medical care, and safety generally thought necessary, based on shared values of human dignity.

According Valentine (1968) argues that relative deprivation is embedded in inequality. Inequality is characterized by unfair distribution of resources which results in the widening of the rich- poor gap. Unfair systems do not provide safety net for those are poor hence there is need for Governments to come up with mechanisms that address inequality as a step towards alleviating poverty. Most financial systems such as commercial banks are exclusionary than inclusionary for the poor. Access to credit for the poor can be a move towards addressing unequal practices.



## **Synopsis of microfinance and poverty**

Microfinance has been defined by Schreiner and Colombet (2001:339) as an effort to improve access to small loans to poor people sidelined by formal banks. Otero sees microfinance as “the provision of financial services to low-income poor and very poor self-employed people” ([www.dochas.ie/share/files/2/](http://www.dochas.ie/share/files/2/)). Microfinance institutions play an important service of offering financial services to the poor.

A significant number of literatures prove that there is a strong relationship between access to finance, economic growth and poverty eradication (Swamy and B.K Tulasimala 2013). Scholars like Littlefield, Zaman, Morduch Hashemi and Montgomery believe microcredit will reduce poverty. T. Pham and R Lensink asserts that access to credit will provide poor people with avenues to start income generation activities that can reduce vulnerabilities such as ill health, drought and loss of family members, in addition there will better housing and education opportunities. ([www.pegnet.ifw-kiel.de/event](http://www.pegnet.ifw-kiel.de/event)). Scully argues that microfinance does not reach the poorest, on the basis that the loans wanted by the poorest are too small to generate significant interest for lenders, further microlenders are under pressure from donors to become financially self sustaining ([www.gdrc.org/icm/wind/micro.html](http://www.gdrc.org/icm/wind/micro.html)) hence there are forced to lend to the moderate poor.

Obed Gilbert Fredrick Mwalughali (2013) thesis looked at the impact of Community Savings and Investment Program on household income and credit market participation in Kasungu

District in Central Malawi. His research did not focus ISALS however it gave insights on how the Community Savings and Investment Program (COMSIP) had fared for farmers in a rural setup. While ISALS looks at internal funding by members of the group the Community Savings and Investment Program is externally funded by the government to cooperatives. These cooperatives provide credibility to farmers and acts as collateral for farmers. This research will look at how the ISALS have managed to eradicate poverty in Gokwe South.

### **Theoretical Framework**

This research uses the theory of change which states that if the intervention is able to bring positive changes and is able to meet unmet financial demands it would have positively transformed lives. The theory was propounded methodologists like Huey Chan, Peter Ross and Carol Weiss. Secondary theories like the Basic Needs theory as basis of measuring the impact of ISALS in mitigating poverty. The question which is asked by this research is that does ISALS provide the poor or poorest with a venue that will make them get the basics. The research uses Household economic portfolio (HEPM) model to assess the impact at individual, household and enterprise and community levels. Different economic and social variables will be looked at such as expenditure, consumption, assets and ability to send children to school, access to health and social position. Assets are important since there do not fluctuate like other economic indicators. The intermediary school of thought will be used to assess outreach and sustainability of ISALS. If outreach and sustainability have been enhanced then the intervention is judged to have a beneficial impact (Hulme 2000).

## **Research Methodology**

This study used a cross sectional design to ascertain the impact of ISALS on poverty reduction at a given time. The researcher made use of methodological and data triangulation. The former refers to collecting data using various sampling strategies, so that slices of data at different times and social situations, as well as on variety of people, are gathered. The latter refers to the use of more than one method for gathering data ([www.referenceworld.com/mmr.pdf](http://www.referenceworld.com/mmr.pdf)). Focus Group discussions and semi structured questionnaires were used on groups who are participating or who have already participated on ISALS. A mixture of quantitative and qualitative methods was used to draw a sample. Quantitative methods were used to work up a recommended sample size drawing information from the The Ministry of Women Affairs, Gender and Community Development database using a Rasoft Online Survey system. The database had 323 groups using the online package at 95 % confidence level and using the margin of error of 7% the sample was suppose to be 123, hence each ward was suppose to supply 41 groups for analysis using a proportion ratio of 33.33% ([www.rasoft.com/samplesize.htm](http://www.rasoft.com/samplesize.htm) ). The researcher managed to get 107 responses from the group questionnaires. 103 personal questionnaires were distributed using convenience sampling technique. A single person from each group was asked to answer the individual questionnaire with the help of the researcher.

A total of 11 key informant interviews were carried out, the informants were picked using purposive sampling technique. One on one, telephonic and electronic interview were conducted on professional people who are involved in ISALS training such as Women

Affairs Staff, former programme manager and Country Director for Concern. Some of the key informants were interviewed using a social application called *whatsapp*. Snowballing was used to get interviews from former Community Based Trainers (CBTs) or Private Sector Partnership (PSPs). Using this method two CBTs were interviewed one through face to face and the other through telephonic interview. Primary sources from organization and groups in terms of monthly, quarterly and annually reports were used in this research. Secondary sources were used in data analysis and literature reviews.

## **Conclusion**

The research used a book format approach Chapter 1 gave a historical background of poverty in Zimbabwe. Chapter 2 looked at a historical background of microfinance in Zimbabwe and it also explored various funding methodologies that have been used in Zimbabwe such as ROSCAs, SACCOs and MFIs. Lastly it looks at the training methodology of ISALs and the implementers in Gokwe South. Chapter 3 analyzed the socio- economic characteristics of ISAL members. Chapter 4 looked at the socio-economic impact ISALS. Chapter 5 summarizes the findings of the research and gives recommendations.

## **CHAPTER 1 BACKGROUND OF POVERTY IN ZIMBABWE.**

### **1.0 Introduction**

In order to understand the mitigation method in question it is of paramount importance to trace poverty in Zimbabwe thus how it came to be and the key drivers to date. This chapter traces poverty in Zimbabwe and explores the key drivers.

### **1.1 Historical Background of Poverty in Zimbabwe**

Poverty Reduction Forum Trust (2013) traces structural poverty to the colonial administration, the pre-independence Zimbabwe was characterized by imbalances and inequality slanted in favour of the few white men. The colonial government gave whites grand privileges which included well resourced and well-equipped commercial farms acquired through massive land appropriation while black people were forced into overcrowded rural areas and congested urban settlements that were managed by poorly financed African Councils. (Poverty Reduction Forum Trust 2013). In addition peasants were forced to work in white owned farms and mines. The post –independence resettlement scheme under willing buyer and willing seller programme including agricultural extension services program and social protection schemes which assisted the blacks with farming implements and inputs failed to redress land imbalances and to address structural poverty.

The adoption of liberalization of the economy worsened poverty in Zimbabwe as indicated below.

UNHABITAT (2005) pointed out that three political factors economic crisis in the 1990s, that is, unbudgeted compensation of war veterans and military involvement in the DRC and the Fast Track Land Reform which triggered an inflationary spiral. Similarly Fowale (2010) also points to these three events as having caused economic crises that had resulted in poverty escalating.

## **1.2 1990-2000**

### **1.2.0 Adoption of Economic Structural Adjustment Programme (ESAP) 1991-1995.**

Zimbabwe adopted ESAP in October 1990 following the advice of the World Bank and IMF as preconditions of getting financial loans. The Framework of ESAP was spelt out in the document entitled *Zimbabwe: A framework for Economic Reform (1991-95)*. The nation was then forced to abandon socialistic principles it had been following since independence since 1980. Neoliberal policies were adopted which entailed rolling back the state from active participation in the economy. Neoliberal principles were enshrined in ESAP which meant the government had to reduce expenditure through removal of subsidies, cost recovery, civil service rationalization and parastatal reform, trade liberalization including deregulation of foreign trade, investment and production and devaluation of the local currency. (Biljmakers, Bassett & Sanders (1996), Dhliwayo 2001). ESAP had serious negative socio-economic

impacts. The removal of subsidies resulted in school dropouts, deterioration of the health sector and deaths from treatable diseases. Participation in prenatal services declined; maternal death and mortality rates of babies increased. Remunerations of health personnel declined resulting in the mass departure of qualified staff, because of low morale and general disgruntlement. Congestions were the order of the day at casualty departments and mortuaries. Health quality vehemently deteriorated especially in rural areas. More deaths were reported in the rural areas compared to towns (Dhliwayo 2001). According to Matunhu and Mago (2013) people who were retrenched headed back to their rural areas to join a stream of people suffering income poverty. It can postulated that most of the people who been the source of income for the rural folk hence their retrenchment worsened their poverty.

The Poverty Assessment Study of 1995 observed that 45 % of the population did meet nutritional requirements and 61% could afford basic food but did not afford goods and services that are basic. Poverty was more prevalent in rural areas by 75 % compared 39 % of the urban areas (Biljmakers , Bassett & Sanders 1998: 104). Rural households had 75% poverty than urban areas which had 39%. ([www.afraca.org/publications/508Zimbabwe](http://www.afraca.org/publications/508Zimbabwe) ).

The effects of Structural Adjustment Programs (SAPS) were not unique to Zimbabwe alone but other Least Development Countries (LDCs) who had adopted them. SAPS compromised food security in many countries for example UNCTAD (2008) observed that in 2006, on average, 20% of the LDCs food consumption was imported, in countries such as Lesotho, Malawi , Gambia and Mauritania. Haitian rice was affected by liberalisation policies resulting in shortages casing an influx of United States' rice which was subsidised. This opening

allowed indiscriminate entry of subsidized US rice which was sold far below the price at which local farmers could produce it. This resulted in loss of work for the peasantry leading to importation of rice ([www.internationalviewpoint.org](http://www.internationalviewpoint.org)). Many developing countries, especially LDCs, which are traditionally food-exporters, became net food-importers

### **1.2.1 Unbudgeted compensation for the War Veterans (1997)**

The disgruntlement of war veterans that had participated in the Second Chimurenga having been caused by deteriorating economic conditions forced the President Robert Mugabe to give grants. It should be noted that the move was not a popular move among the parliamentarians and the decision had to be passed by a Presidential decree (Gudza 2007). Over Z\$4.5 billion was paid as gratuities to 52 000 claimants (Mazarire and Rupiya). As a result the Zimbabwe Dollar fell by 71.5 percent against the US dollar which was a 46 percent slump. (IOL 2007). This compensation was unbudgeted and had to be covered by massive printing of money resulting in the rise of inflation worsening the already ailing economy that had been ransacked by the adoption of ESAP. With collapsing of the local currency poverty in Zimbabwe increased.

### **1.2.3 Zimbabwe military involvement in the DRC (1997-2002)**

The economic reasons for Zimbabwe's military involvement in the DRC conflict in 1997 are a matter of controversy among scholars. Some scholars argue that involvement in the DRC conflict was a matter of diverting the people's attention from the economic doldrums, while



others argue that the DRC was suppose to be the answer to mounting economic problems (Rupiya 2002 , Shivji 1999). Despite these views the involvement had a share in contributing to poverty in Zimbabwe. The DRC war fed from the budget of Zimbabwe the Ministry of Defence gobbled money that could have been invested in development. The budget estimate for Defence in 1998 was \$5.540.187.000 however the actual amount, which was used, was in 1999 was Z\$5,540,247,000. In 2000 the expenditure was estimated to be Z\$13,292,479,000 but the actual that used was \$16,207,579,000. *The Financial Gazette* reported that army used more than 12 percent of the total revenue for 2001, the paper quoted figures that had been presented to the IMF by the finance minister. The Government was reported to have spent Z\$16.208 billion instead of 13.3 billion that was set for by the finance minister. It was estimated that US1.3 million per month or 0.4 per cent of the Gross National Product was spend on the war (Gudza 2007). The economic and social implications of the DRC conflict resulted in the increase of poverty levels.

#### **1.2.4 Fast Track Land Reform Program (FTLRP)**

The FTLRP which was started in 2000 had two core aims of compulsory land acquisition and redistribution (Zikhali 2008). Two models were adopted the A1 which was meant to decongest communal areas and was targeted land constrained farmers in the communal areas. The A2 model comprised of small medium and large commercial settlements (Zikhali 2008). Kinsey (2010) argues that, compusroy acquisition caused worsening of poverty at the beginning of 2000. Richardson (2004) observed that agricultural production plummeted by 30% while the manufacturing sector dropped by 15 %. The absence of tenure for the beneficiaries made it difficult for them to acquire loans from the banks to invest in the newly

acquired land. Despite the loans set aside by the Reserve Bank through Commercial Banks most farmers did not access the facility Chamunorwa (2010). The Poverty Reduction Forum Trust 2013 argues the FTLR worsened rural poverty as it affected those who were employed on commercial farms lost employment and reverted to rural areas that were already congested. In addition the chaotic manner in which land reform was done attracted sanctions European Union, the US and several Commonwealth countries

Scholars like Zikhali (2008) argues that FTLRP mitigated poverty by pointing out that resettled farmers were more productive than communal farmers. However the scholar failed to compare the production of the ousted commercial farmers and the new settled farmers.

Chamunorwa (2010: 7) observed that 1.3 million people including farm owner and farm worker households, lived on and off 4,660 large-scale commercial farms covering over 10 million hectares (ha), while over 1 million households (5.6 million people) in the communal areas subsisted on 1.6 million ha. By June 2009, a total of 725,000 ha arable land was given for A1, small scale commercial and large scale commercial, 710,000 arable land for A2, 250,000ha for communal and 800 ha for old resettlement (Chamunorwa 2010 citing FAO 2009).

### **1.3 2000 – 2008**

#### **1.3.0 Operation Restore Order /*Murambatsvina* /Tsunami 2005**

The demolition of illegal demolition of urban settlement was coded operation Murambatsvina which literally meant getting rid of dirt (Dzimiri and Runhare 2012). It aimed at putting a stop to illegal activities in contravention of municipal by-laws, such as the erection of illegal structures, illegal vending, touting by commuter omnibus rank marshals, illegal street garaging, illegal cultivation, dealing illegally in foreign currency and prostitution. The affected people were told to go back to their rural areas (Dzimiri and Runhare 2012).

The UN envoy report (2005:20) outlined the following reasons for the Operation Murambatsvina:

- A.** Decreasing chaos and congestion in major cities.
- B.** A punishment for the opposition for voting for Movement for Democratic Change (MDC)
- C.** A plot to make the regime unpopular leading to succeeding President Mugabe.
- D.** Reducing the power of war veterans
- E.** Increasing foreign currency through 'Homelink scheme'
- F.** Pre-emptive strategy against popular insurrections over food insecurity and economic hardships
- G.** A way of repossessing business control by the ruling political leaders in urban areas.

**H.** was a way to divert public attention from under utilization of land that had been distributed under Fast track land reform

**I.** Decongest people through urban to rural migration

The operation had serious social, institutional, political and economic consequences. It was estimated that 700 000 lost their homes and business because of the operation while 2.4 million were affected (Tibaijuka 2005: UNHABITAT 2005). According to Chibisa and Sigauke (2008:40) ‘an estimated 90 000 vendors had their bays demolished. A total of 92 460 housing structures were demolished, directly affecting 133,534 households. At the same time 32 538 premises/structures of small, micro and medium size enterprises were demolished as per government figures released on 7 July 2005.’ 97 614 people lost their primary source of livelihood (Tibaijuka 2005). Dzimiri and Runhare (2012) argue that 40% of the jobs in the informal sector were lost during the operations. The evictions destroyed livelihoods and forced and urban to rural migration (Chibisa and Sigauke 2008: Dzimiri and Runhare 2012). The plummeting economic conditions were worsened by Operation Murambatsvina. The displacement of people from urban areas to rural areas affected families who had been supported by their kinsmen in the urban areas. The burden fell on rural people to support the displaced who had chosen to return back.

### **1.3.1 Sanctions**

The sanctions against Zimbabwe are enshrouded in controversy with the West arguing that there are not sanctions but restrictive measures ring fenced against targeted individuals. The

Zimbabwe Democracy and Economic Act of (2001) cited that sanctions were because of Zimbabwe's failure to manage the economy coupled with the costly military intervention in DRC. On the other hand ZANU PF views sanctions as comprehensive having being driven by the land reform.

Hove (2012) argues that the sanctions caused serious shortages of cash in banks, collapse of health, education and water services. The sanctions were argued to have caused a hyper – inflation which hampered the country's ability to obtain foreign currency. Developmental Aid was halted after the imposition of sanctions. The Danish International Development Agency stopped the US29.7 million programme which was aimed supporting the Ministry of Health and Child Welfare (MOHCW) while the Swedish government blocked aUS6.4 million programmed aimed at improving water and sanitation, health and conditions for the disabled and the prevention of HIV and related behaviours. (Hove 2012). DANIDA is said to have stopped another 15.4 million Agricultural programme which was meant at developing agriculture , supporting irrigation schemes for small farmers and supporting them to start income generating activities. In addition it also halted 48 million dollar project which was meant at rural rehabilitation and maintenance of roads ([www.rbz.co.zw/farm\\_mech?sanctions.pdf](http://www.rbz.co.zw/farm_mech?sanctions.pdf)). Stopping of these programmes also meant retrenching employees and stagnation of rural development. The poverty Reduction Trust (2013) argues that despite the controversy of sanctions Manicaland poverty is partly because of sanctions.

Sanctions has led to Non Governmental Organisations (NGOs) changing their area of focus and their modus operandi from developmental aid to humanitarian assistance which has short term impact and rarely contribute to economic development and poverty reduction ([www.rbz.co.zw/farm\\_mech?sanctions.pdf](http://www.rbz.co.zw/farm_mech?sanctions.pdf)). Donor flight has been another repercussion of sanctions due to bad public by the West. According to RBZ sanctions had resulted in loss of business as well as donors due to bad publicity. ([www.rbz.co.zw/farm\\_mech?sanctions.pdf](http://www.rbz.co.zw/farm_mech?sanctions.pdf)).

Following sanctions multi –financial institutions like International Monetary Fund (IMF), The African Development Bank (AfDB) and World Bank (WB) withdraw developmental aid meant for Zimbabwe. From 2002 to 2007, Zimbabwe failed to acquire a single loan from these banks ([www.rbz.co.zw/farm\\_mech?sanctions.pdf](http://www.rbz.co.zw/farm_mech?sanctions.pdf)). This shows that despite the claim that these sanctions were targeted they affected the economy. Zimbabwe could not borrow money to develop itself hence worsening poverty especially in rural areas where development of infrastructure hit a brick wall.

## **1.4 Poverty Drivers in Rural Zimbabwe**

### **1.4.0 HIV and AIDS**

Human Immno Virus (HIV) and Acquired Immuno Deficiency Syndrome (AIDS) remains a challenge that has caused untold suffering taking a toll on morbidity and mortality consequently leading to acceleration of poverty both in rural areas and urban areas. Agriculture has been greatly affected since Zimbabwe can be said to be a rural country with

68% of the population residing in rural areas and 43.6% of the economic active people surviving on farming (CSO 2013). HIV and AIDS affect farming in various ways such as loss of labour, low production in yield and agricultural output and lose of agricultural assets henceforth compromising food and nutritional security. According to FAO in 1997 maize production had dropped by 61 % because of HIV and AIDS while the overall output declined by 50% ([www.fao.org/.../463605.htm](http://www.fao.org/.../463605.htm) , Reneth Mano & Innocent Matshe 2006). In addition it negatively impacts productivity, savings, and investment and directly affects economic performance of the continent (Gallup and Sachs 2001; Bloom and Sachs 1998).

Women are more vulnerable to HIV than man. According Zimstat (2013) 61 % of farming is done by women making the impact more vicious on agriculture. According to GOZ and UN (2010) HIV affects small scale agriculture because women constitute the majority of farmers who are vulnerable to infections thus they loss farming-time caring for the infected.

Long distances and poor roads to health centers make it difficult for rural people to access health services. According to ZIMVAC (2013) the most common and the biggest challenge of rural people are poor roads, transport, infrastructure and communication while the lack of health facilities is number the forth challenge.

#### **1.4.1 Climate Change**

Poverty in Zimbabwe can be attributed to climate change which has caused devastating droughts, erratic rainfall and cyclones. Manyeruke (etal., 2013: 271) noted that the effects of

climate change has been grossly felt by African countries grappling with scarce food reserves and poverty. The effects drought can be seriously felt because the farming is the main economic activity for most Zimbabweans and the source of basic household food supply. Nyati (2012) noted the 1992 drought was the worst which left most people in a poverty trap without livestock and draught power. In the 2011/12 season, Zimbabwe was forced to import over 50% of its maize requirements (Manyeruke., etal 2013) this has been caused by successive droughts from 2002-2003, 2004-2005 and 2007-2008. Majengwa (etal 2012) observed that drought had social, political and economy implications on the country. They argue:

*(Sic Three years after independence) were drought years which led Zimbabwe to borrow causing debt problems later (Hanlon et al., forthcoming). In 1991/92, Zimbabwe witnessed the worst drought ...This pushed the country into accepting the ESAP. The drought years of 1993/94 and 1994/95 worsened the economic problems caused by adjustment and fed into the strikes and disruptions. Then 2001/02 drought occurred in the first year that farmers had land under the Fast Track Land Reform, making it harder for new farmers to become established.*

Floods associated with cyclones as well as the droughts experienced in 2002 to 2008 negatively impacted food security and the household incomes for the rural people. 265 000 people were affected by droughts between the years 2000-2009 (Manyeruke. etal 2013). In 1999 Cyclone Eline caused flooding in Zambezi valley in Muzarabani and Dande. According Musarurwa and Lunga (2012) the Zambezi basin has experienced flooding in 1955, 1967, 1972, 1975, 1977, 1981 and 2000. In 2000 being the worst case ever experienced.



Climate change has been associated with other hazards such siltation, veld fires and land degradation. These hazards' are known to destroy livelihoods henceforth entrenching and causing a spiral of poverty.

## **1.5 Conclusion**

This chapter defined poverty and gave various strategies that have been adopted to combat poverty in the world. The Chapter also gave a historical background of poverty in Zimbabwe arguing that the adoption of ESAP, unbudgeted pay out for war veterans, the military involvement of Zimbabwe in the DRC, FTLR and sanctions worsened poverty especially in rural Zimbabwe. The chapter also gave other poverty drivers in rural areas which are climate change and HIV and AIDS and their continued impact on livelihoods in Zimbabwe.

## **Chapter 2 Microfinance in Zimbabwe**

### **2.0 Introduction**

The chapter looks at origins and the development of microfinance in Zimbabwe. It goes to explain other models of lending in Zimbabwe such as ROSCAS, SACCOS, and Microfinance Institutions. It goes further to explain working modalities of ISALS in Gokwe South. It also looks at organizations which are implementing the programme and how the implementation is designed.

### **2.1 Origins of Microfinance**

Microfinance is worldwide phenomenon which started in developed countries and trickled down to Third World countries like Zimbabwe as a way to better the lives of the poor. Mago (2013) cites that microfinance evolved from microcredit which was limited to giving small loans. The term microfinance became prominent in the 1990s replacing microcredit. Microfinance started in the 15<sup>th</sup> century when pawn shops were established in Europe as alternatives to usury. In 1700s, the Irish Loan System was established in Ireland then it was followed by the formation of financial cooperatives aimed at improving the rural and urban people in Germany in the 19<sup>th</sup> century. By 1895 microfinance spread to Indonesia leading to the creation of Indonesia People's Credit Bank. Early in 1900s savings and credit activities emerged in Latin America and other parts of the world. Between 1950s and 1970s

governments and donors adopted agricultural credit to increase yields for the marginalized small farmers however low repayments bogged the initiative (Mago 2013).

In 1976 Muhammad Yunus a Bangladeshi social entrepreneur transformed the face of microfinance by establishing the Grameen Bank. The Grameen model addressed structural barriers facing the poor such as lack of collateral, high transaction costs, high risks and systematic market bias. The bank gave small loans to poor villagers as poverty alleviation strategy. The model used the group lending methodology which entailed delivering financial services to the poor people. Yunus' approach received worldwide recognition, instead of asking collateral the bank asked for 'social collateral' which involved peer pressure strategy among group members. It recorded an overwhelming success of more than 95% repayment (Mago 2013). The model was replicated by various organizations and banks such as the ACCION International , the Self- Employed Women's Association (SEWA) bank in India, Bansol in Brazil, K –Rep Bank, Rakyat bank ; Prathama bank and Equity Banks in Kenya ( Mago 2013). The Grameen Bank has emerged as a best practice. By 1984 John Hatch came up with village bank concept which is a unique way of delivering non-collateral loans and services to the organized poor.

### **2.3 Microfinance in Zimbabwe**

According to Mago (2013) microfinance in Zimbabwe dates back to the 1960s when people were organized into savings clubs. During the colonial era the formation of Friendly Societies like Bantu Trading Cooperative Society (1938), the First African Friendly Society

(1960), Central African Mutual Association of 1960 and the United Consumer Cooperative Society (1964) were aimed at providing household and projects loans but these failed to meet the needs of the poor (Raftopoulos and Lacoste 2001). The societies failed because of a compound of constraints which were political and legal which were machinated by the colonial state in addition to poor management of the organisations themselves. Such constraints included various local government bylaws and controls, and national legislation such as the Land Apportionment Act (1930) and the Native Urban Areas Registration and Accommodation Act (1946), that placed severe limitations on the possibility of Africans both, owning and utilising, land in rural and urban areas (Raftopoulos and Lacoste 2001:6).

Noticeably the Catholic Missionaries played an important role through the initiation of the Savings Development Movement which focused on micro saving for rural women. These clubs are reported to have attracted large numbers of members thus growing from a mere 30 in 1970 to 60 000 in 1975 (Raftopoulos and Lacoste 2001). After Independence in 1980, SDM was registered as a cooperative (Bond 1998). Mago (2013) observed that in the 1980s Agricultural Finance Cooperation (AFC) was giving loans to small farmers. The government then formed the National Association of Cooperative Savings and Credit Unions of Zimbabwe (NACSCUZ) under the Ministry of Community and Women's Affairs in 1986 to mobilize savings for the poor.

The liberalization of the economy under ESAP affected the microfinance sector and the poor by triggering high interest rates and an inflationary milieu. In mitigating the impact of ESAP various NGOs such as Care, Konrad Adenaur Foundation and Association for Development

by Research and Integrated Action (ADRAI) came with various initiatives to support microcredit activities. By 1996 Self Development Foundation replaced SDM and the foundation received support from some NGOs through the development of sound funding methodologies, governance and establishment of revolving funds. However the loan funds of the foundation were misused and people were reluctant to pay since the funds were viewed as donor funds, and in other instances some rich people had access to the funds at the expense of the poor. (Mago 2013).

## **2.4 Typologies of Microfinance**

### **2.4.0 Microfinance Institutions (MFIs).**

Hiatt and Woodworth (2006:471) define MFI as organizations that provide loans as start-up for the poor Mpofu (etal 2013) cites that MFIs provide financial services to lower income earners and the informal sector their service target are Micro, Small and Medium Enterprises (MSMEs). This paper defines microfinance institutions as organizations that give microloans and financial services which include savings, insurance, and money transfers to the poor who usually face access barriers from conventional banks. High operational costs and collateral issues make the conversional banking restrictive to the poor. According to Microfinance Information exchange (MIX) an online information platform there are currently 2100 MFIs in 150 countries in the world an indication of the growing number and recognition of MFIs ([www.mixmarket.org](http://www.mixmarket.org) ). In Zimbabwe, MFIs are registered under Money-lending and Rates of Interest Act [Chapter 14.14].

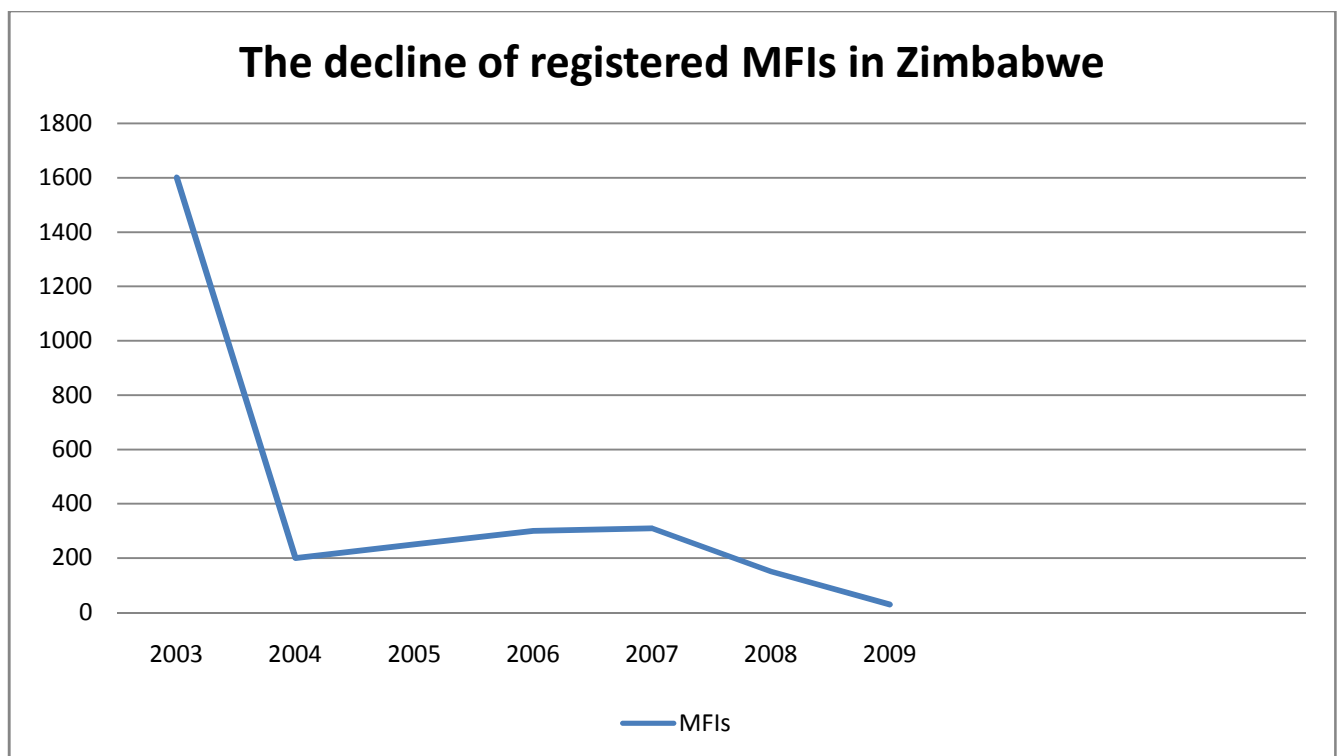
Material poverty, deprivation of goods and services can be addressed by microfinance initiatives. MFIs can help people to become more economically secure. This, in turn, has a multiplier effect on people's standard of living, enhancing basic household welfare, such as food security, nutrition, shelter, sanitation, health and education services. MFIs can help prevent and extricate people from debt. Oftentimes, they liberate low-income households from moneylenders with outrageous interest rates that often reach 100% annually. Savings and credit services help people start or improve their own small businesses, providing income generation and employment for themselves and their families ([www.un.org/.../microfinancein africa.pdf](http://www.un.org/.../microfinancein africa.pdf)).

MFIs give services that include financial management, legal rights business management, as well as other support services. MFI participants, especially women, are often empowered to speak out, assume leadership roles, and address issues beyond their workplace, such as domestic violence. ([www.un.org/.../microfinancein africa.pdf](http://www.un.org/.../microfinancein africa.pdf)).

According to Victoria (etal. 2012) formalised Microfinance Institutions (MFIs) became a significant feature of Zimbabwe's financial services sector in the early 1990, they grew rapidly in the period 1990 to 2000 in response to the exponential increase in the number of micro-enterprises requiring micro-finance services and the lack of provision of services to this market by the large scale financial sector. 90% of MFIs were established between 1995 - 1999 because of ESAP which had caused loss of employment and the increase of cost of living this forced the affected people resorted to MFIs as a livelihood strategy. The increase

in the number of MFIs led to the establishment of the Zimbabwe Association of Microfinance Institutions (ZAMFI), in 1997, to provide a forum for MFIs to discuss and address common issues facing the micro-finance sector (Victoria et al 2012).

In 2012 there were 157 registered MFIs compared to 1700 in 2003 (Victoria et al 2012). The economic crisis of 2000-2008 was detrimental to microfinance due to foreign currency shortages, and hyper – inflation environment. The graph below shows the decrease of microfinance institutions in Zimbabwe from 2003 to 2009.



**Figure 4** : Decline of registered MFIs in Zimbabwe (Klinkhamer 2009)

Despite the remarkable contribution of MFIs in poverty alleviation in other countries research has shown that this has not been the case in Zimbabwe. MFIs still face a significant number

of challenges which makes them fail to meet the financial needs of the poor or the poorest. According Mpofu et al. (2013) few entrepreneurs receive loans from MFIs, due to a number of reasons such as high interest rates as noted by Qureshi et al.(2012), ignorance of their existence and a general lack of trust and confidence of their operations. His study concluded that MFIs in Bulawayo are less effective in promoting entrepreneurs' According to Mutambanadzo et al.( 2013) MFIs are failing to grow in Zimbabwe because of poor management, lack of funding and stiff competition from commercial banks and other MFIs . In addition the MFIs are still using redundant financial systems instead of adopting the Management Information System. A study of MFIs in Pakistan showed that the majority of the poor were failing to access microfinance because of high interest rates, lack of group guarantors, collateral, assets, businesses and salaried employment (Qureshi et al. 2012).It is in this regard that such a phenomenon is not unique to MFIs in Zimbabwe alone. Chowdhury (2009:6) asserts microfinance is not a solution for poverty reduction; it needs both harmonizing supply-side and demand-side factors. Supply-side factors—such as good infrastructure, entrepreneurial skills, etc.—are needed to make micro-enterprises more productive. The UN (2005) makes a remarkable observation on MFIs which is conclusive to the role they play in poverty eradication; it asserts that microfinance is not a solution for poverty but a means to poverty reduction. Other interventions should be sought to improve the lives of poor people such as improving roads, water and sanitation etc. ([www.un.org/.../microfinanceinafrica.pdf](http://www.un.org/.../microfinanceinafrica.pdf))

Gokwe South has about 10 MFIs which are currently targeting salaried employees like civil servants. The average interest rate of these MFIs is 20% per month which is usually repaid at the end of the month in full. This focus on salaried employment has created a backlash on



non salaried informal sector such as small scale farmers. In addition the incubation period of the loan is long and most MFIs do not want to fund the sector. MFIs in Gokwe South are largely restrictive to informal businessmen despite the fact that they should provide financial access and services to the poor entrepreneurs. The prerequisite documentation needed to obtain a loan such as pay slips, bank statements and confirmation of employment are not usually available for most non salaried employees. In addition the high interests' rates charged MFIs creates financial slaves which worsens poverty for any individual who gets entangled in their borrowing web. One civil servant remarked that '*once you get entangled in borrowing from MFIs you will do so monthly*' (Interview, MFI client).

#### **2.4.1 Savings and Credit Cooperatives Societies (SACCOs)**

Chigara and Matesasira (2001: 15) cited that the cooperative movement in Zimbabwe was a political as well as a social movement born out of the post-colonial socialist ideology. Over the years the movement has changed and has become less political. There are two types of SACCOs which are worker based and community based. The former include Post and Telecommunications Corporation and Zimbabwe Teachers' Association. The latter are usually based in high density suburbs, growth points and rural areas and are known as village banks. In December 2000 there were 43 SACCOs affiliated to the apex body National Association of Cooperative Savings and Credit Unions of Zimbabwe (NACSCUZ). Ernest and Young (2006) noted that in 2005 there were about 200 SACCOs and only 150 were active while 55 of these were members of the NACSCUZ. Unlike banks SACCOs collect deposits and lends to their members. In Zimbabwe, SACCOs are regulated and supervised by

the Ministry of Small and Medium Enterprises (MSMES) and they are registered under the Cooperative Act.

SACCOs offers services which include savings, and loan facilities and share option. SACCOS funds are used consumption and business uses. Very few SACCOs offer other services such as insurance and even those that do so restrict it to cover the loan amount borrowed (Chigara and Matesasira 2001).Some of the characteristics of SACCOs are listed below

### **Characteristics**

- They are institutions that are stable and well established.
- Have significant outreach in the country: thus they cover urban, peri-urban and rural areas
- Offer relatively lower and consistent interests rates to their members
- Well networked with high degree collaboration
- Focus on members welfare and livelihoods enhanced as their beneficiaries
- Increasing growth in rural SACCOS (agri-based and enterprise based
- Loans cover consumption and business uses
- Low interest rates charged

According to Ernst and Young (2006) the shortcomings of most SACCOs are caused by inadequate supervision, poor remuneration of SACCOs, political interference, lack of operational and financial sustainability, restrictive constitution and choice of audit. Chigara and Matesasira (2001) cites that SACCOs suffer from poor governance and ownership problems, nonpayment on savings and no dividends payouts which results in disillusioning the members. Furthermore most SACCOs do not comply with by-laws and the Cooperative Act. Chigara and Matesasira (2001:16) noted that the legislation that governs SACCOs is laced with flaws such as:

- Membership savings are at risk because of cooperative structure.
- Legislation does not have adequate control and regulations for SACCOs.
- It is not mandatory for SACCOs to belong NACSCUZ for inspection and monitoring..
- Government officials tasked to work with SACCOs are not capacitated adequately.
- NACSCUZ has no legislative authority to enforce regulations

Gokwe South has only five SACCOs which are registered under the SMES namely Mapfungautsi, Tatenda Progressive, Chitekete, Gokwe Founders and Gokwe South Youth Savings and Credit Cooperative (GSY). GSY is under the Ministry of Youth however the SACCO is no longer functional. The total membership of these SACCOs is 267. Out of these SACCOs two have received a total of US20 000 from UNDP and GSY received around US14 000 from YES JUMP project under ILO which it dismally failed to repay (Youth Officer, Interview). The numbers of the members are indicative that SACCOs in Gokwe South does not meet the financial needs of the poor. The membership of these SACCOs is insignificant when the population of the poor is taken into account.

## 2.5 Grassroots microfinance

Grassroots microfinance institutions are informal and unregistered. This category is comprised of ROSCAs and ISALS. Joining of members does not require administrative costs or intensive paper work or documentation. Administration is basically done by members.

### 2.5.0 Rotating Savings and Credit Associations (ROSCAs)

ROSCAs are colloquially known as *merry – go – round*. Khan and Lightfoot defines ROSCAs as groups of people who come together to make cyclic contribution of a predetermined amount to a common fund (pot), which is given repeatedly in turns to each member until everyone gets the fund ([http://www.uclan.ac.uk/lbs/research/research\\_institutes/files/ROSCAs\\_Alternative\\_Funding\\_for\\_Sustainable\\_Enterprise.pdf](http://www.uclan.ac.uk/lbs/research/research_institutes/files/ROSCAs_Alternative_Funding_for_Sustainable_Enterprise.pdf)). A ROSCA have a fixed life cycle it pools the small savings of its members and transforms them into series of useful lump sums each member gets in turn (Allen 2006). ROSCAs can be divided into bidding ROSCAs, marketplace and investment ROSCAs. In investment ROSCAs members get the exactly the amount they have contributed. In bidding ROSCA a single person receives the contribution after pledging and lastly marketplace ROSCAs are organized by the professionals ROSCA runners who collects contributions from the market and then pooled money is then auctioned off. The organizer usually gets a commission for their services and outstanding proceeds are shared among members (Mbizi and Gwangwava 2013).

ROSCAs do not need complex documentation like formal banks. They serve two functions which are saving and lending. The flexibility of ROSCAs allows members to peg money they are comfortable with to pay as subscriptions. Different purposes are met using ROSCAs such as smoothing cash flow, urgent needs and start-up capital. Start-up capital is important in creating employment. Urgent needs cover community emergencies such as death and sickness. The funding methodology is a simple way of raising funds and these funds do not earn interest in addition no administration costs are charged. ROSCAs go further than fulfilling economic function – they are important in structuring community and relationships (Mbizi and Gwangwava 2013). There is unity of purpose and mutual understanding created by ROSCAs and members help each other to solve problems (Mbizi and Gwangwava 2013). They also seem to offer the potential for growth within a wider social context, policy-makers would be wise to consider how they might be further encouraged or developed for business.

According to Katarwa (2009) ROSCAs helped women by availing credit facilities and women were able to invest, send children to school and repair or construct new homesteads in Mathare Valley, in Kenya. Mbizi and Gwangwava (2013) research concluded that 80% of the ROSCAs were a good source of finance for micro enterprises. Allen (2006) asserts that there are far more ROSCAs in the world than Microfinance Institutions.

## **Advantages**

Allen (2002) observed that ROSCAs have low to zero financial costs. They can be *termed poor man's bank*. Money changes hands rapidly meeting productive and business needs. Besley and Levenson (1996) found that 68% to 85% of the Taiwanese population participate in ROSCAs which means a large number of people is surviving on them. Typically in Zimbabwe, Chamlee-Wright (2002) found that 76% of urban market traders participate in ROSCAs. The benefit of the basic ROSCAs is that all the members receive finance earlier than if they had saved it themselves, except for the last person. Members are able to buy large amount of goods after receiving the lump sum or invest income and generating activities.

UNCDF (2004) states that studies have shown that microfinance plays three key roles in development which are meeting the household needs, providing security against risks and women empowerment. ROSCAs help members to have better household economic welfare. Littlefield et al. (2003, p.4) observed that ROSCAs promote gender equity by providing start-up capital for women to run their own projects. Their decision making can increase henceforth new roles in the community maybe assumed.

## **Disadvantages**

Money in ROSCAs is not readily available as per the needs of members (Mbizi and Gwangwava 2013). ROSCAs usually work to save for household durables such as utensils or

roofing sheets but relatively ineffective as a means of capitalising productive investment. The lump sum is fixed and maybe inadequately matched to a person's investment plans. There is no rate of return on people's investment in ROSCAs, except a marginal time-value of- money benefit of receiving a lump sum at no interest cost before reimbursement. According to Brannen (2010) although ROSCAs may provide a variety of social benefits and impose savings discipline, they do not accrue interest and therefore may be relatively ineffective for productive investment. The fact that there are no written or legal contracts among the group members means any member can leave the group at any time before the end of the cycle disadvantaging the other members of the group.

### **2.5.1 ISALS**

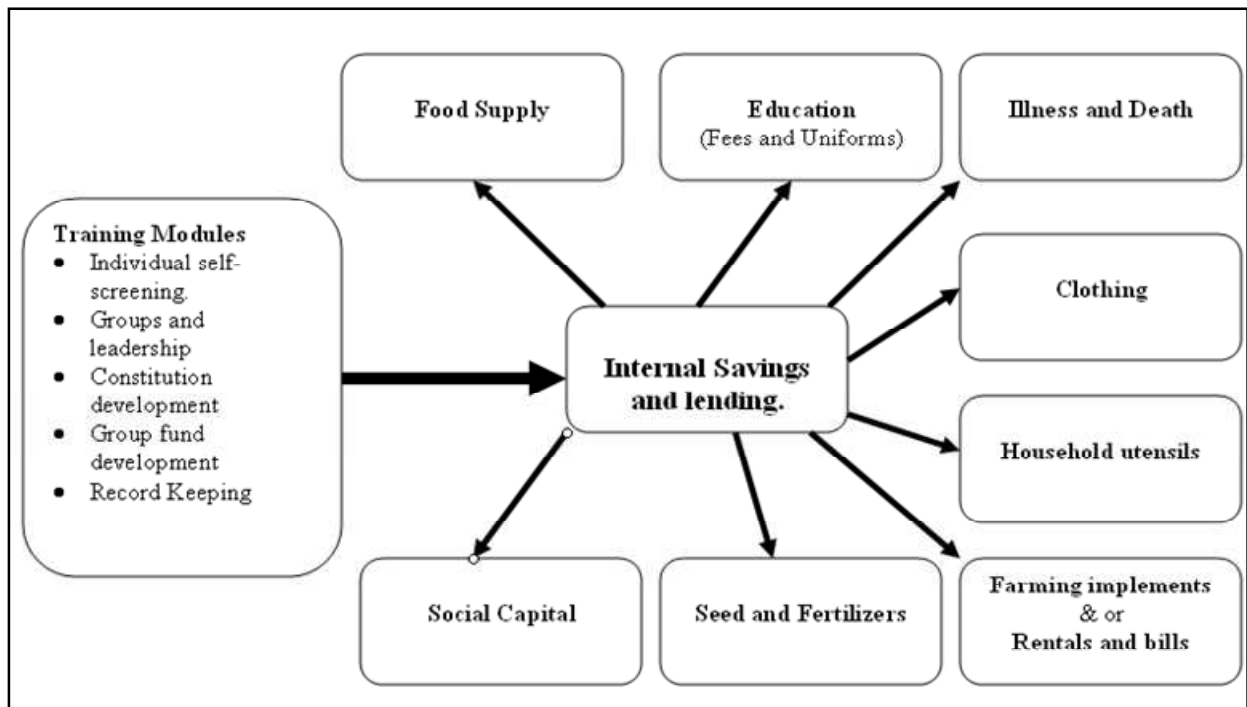
According Allen (2006) ISALS started in Zimbabwe in 1999 under the name Kupfuma Ishungu (KI) under a program which was implemented by Care International. The initial plan had been to supply groups with external funds following the recommendations of the project advisor. This precipitated an influx of speculators into the program distorting the saving behavior. Out of the 270 groups that were eligible for external funds only 8 received the funds. However after a review the external funds component was removed. The methodology that was adopted was a refined version of the MMD to suit the Zimbabwean environment. Groups began accommodating smaller numbers starting from 5. Training became shorter lasting only a week instead of eight. KI meetings were shorter than the MMD which lasted for an hour or more. Savings meeting comprised of disbursement excluding the need of security box.

### ***2.5.1.0 ISAL Concept***

Brannen (2010) defines ISAL as an Accumulating Savings and Credit Association (ASCA), which requires no external borrowing by, or donations to, the loan portfolio – it is entirely self-sufficient. It differs from a Savings and Credit Cooperative Organization (SACCO) in that it does not receive external funding except training. ISALS are not formally registered with the government, which allows them to operate with less formal bookkeeping and thus they accommodate illiterate members. However this research agrees with Vanmeenen (2010) who argues that ISALS are more than ASCAS but they improve on ROSCAS/ASCA methodology by creating accessible, transparent and accumulating savings, and credit groups which are user- owned and self-managed in the communities where members reside. MWAGCD (2008) asserts that ISALS are a micro-finance programme aims at improving the living standards of the rural poor. ISALS target, the poorest that are economically active. The program focuses on supporting and improving their income generating activities and micro-business activities. ISALS are community based, poverty alleviation programme aimed at providing sustainable access to micro- credit and insurance. This lending model is composed of two funds thus the loan fund and the social fund. The former is borrowed by members for start-ups or for growth of Income Generating Activities (IGAs) and is subsequently repaid with interest. The latter is only used in emergencies like death, cost for health or education and it does not accrue interests. The end of the cycle is marked by groups sharing the interests that have accrued and the savings they have earned during the ISAL life span. Vanmeenen (2010) observed that through SILC/ISALS farmers are able to meet their seasonal needs for



loans for their families such as paying fees and educational expenses at any given time throughout the year. Below is a diagram which shows some of the uses of ISAL funds.



**Figure 5 :Uses of ISAL Funds Adopted from MWACD ISAL MANUAL 2008**

### **2.5.1.1 Target Population**

The Internal Savings and lending programme is for micro entrepreneurs who have problem of accessing capital. The programme also focuses on those with the interest of using their initiatives and resources. The beneficiaries should be committed to joining groups to build their capital. The participants in ISALS need to be semi literate.

### ***2.5.1.2 Training***

The training of ISALS is done by trained personnel from organizations or community based trainers using the facilitation method of learning. The training is done at the convenience of the participants. The training is usually last for five and half days. The training session should have between 15 – 25 people. The training covers group formation, financial resource mobilisation and management. The training is geared at capacity building in terms of simple financial literacy and basic business management. The MWAGCD manual (2008) cites that the training should enable entrepreneurs to form cohesive groups, mobilize their own savings which can used to mobilize IGAS, consumption and other basic needs.

### ***2. 5.1.3The Facilitator***

The training methodology is participatory in orientation. The trainer should be a skilled facilitator who is flexible, creative and be adaptive to various training environments. The MWAGCD (2010) warns against the facilitator taking an ‘active role’ during training. Various learning media are used during the training such as group discussions, focus group discussions, role plays and singing. Constant feedback to ensure the participants understand the concepts is encouraged.

#### ***2.5.1.4 Modules covered***

##### **Self – Selection**

This module is designed to train participations to know their weakness and strengths before committing themselves to be members of an ISAL group through self selection and screening an individual would be able to evaluate themselves whether they can be part of ISALS or not. Prospective ISAL members should exhibit characteristics of punctuality, integrity, honesty and reliability (Vanmeenen 2010).

#### ***2.5.15 Group formation and leaderships***

After the self-selection session the participants are trained to select others. Various group dynamics are taught at this stage. According Ndhlovu (2014) trainers may use animal allusions to symbolize various character traits of people. Lions can be used to symbolize authoritarian leaders, giraffes may be indicative of visionary traits while snakes can be associated as deceitful members. Sitsha (2014) adds that this stage is fundamental to the survival of the group. Failure to harness the different people into a single unified unity results in the collapse of the group. Members selected should be hard working with good community relations and willing to save. Participants are usually encouraged to select members who they have the same social status with. Members of the group should have

intimate knowledge of the others' good and bad attributes, they should be aware of what motivates them and what their household social and economic characteristics are like.

Having selected the members the next step is forming the governance structure. The section trains participants on leadership and leadership selection. The structure which is recommended by the training is simple. It comprises of Chairperson, Secretary and Treasurer. The qualities and functions of group need to be known so that members select those that are capable and the selected know what they are expected to do (MWAGCD 2008). The duties and the qualities of the committee are tabulated below:

**a) Chairperson**

<b>Qualities</b>	<b>Tasks/Responsibilities</b>
Strong and recognized personality	Calls in meetings with the help of the secretary
Good hearted and humble	Announces topics of day
Listens to others, attentive	Leads and guides the group
Patient	Leads discussions and maintains control
Approachable	Sees that there is discipline and order according to the constitution
Capable to lead and guide people – observant*	Distributes tasks according to the group's goals
Honest	Sees that problems are discussed within the group
Intelligent and interested	Advises the members
Dynamic and visionary	Makes sure savings and loan procedures are followed
Committed	Finds solutions in case of conflict

Tactful	Represents group to outside
Willing to take responsibility	Ensures achievement of desired results for the benefit of the entire members
Flexible, but consistent	Shares information from outside with group
Organized and structured	Ensures group strategy and procedures
Can speak in front of others	Is one of the bank account signatories

### b) Secretary

Qualities	Tasks/Responsibilities
Capable of giving small speeches and reports to group and outsiders	Calls meetings at the advice of chairperson
Capable of reading, writing and calculating	Takes minutes and keeps financial records
Trainable for Book-keeping	Compares records with Treasurer
Honest	Writes and dispatches letters
Intelligent	Reports to the group and outsiders at the advice of chairperson
Speaks languages	Records important events
	Is one of the signatories to the bank account

### c) Treasurer

Qualities	Functions
Trustworthy and honest	Collects saving contributions, fines and repayments
Knows how to count and calculate	Keeps money safe (at bank or at home)
Has a safe house	Ensure finance records are open to members to see and be

	checked by appointed bodies
Can resist, strong personality	Advises group using the resources of its future needs
	Keeps finance records, expenses and bank statements
	Makes sure the money is kept in a safe place at all times
	Is one of the signatories to the bank account

**Table 1: Roles and Responsibilities of Committee Members of ISALS (MWAGCD 2008)**

### ***2.5.1.6 Constitution***

The training provides a simple framework for constitution writing. The constitutions are drafted by the groups following provided ‘guidelines’. Participants should know that the constitution has to cover aspects that have to do with operation of their ISAL group such membership criteria, savings amounts and frequency, what happens in the event of loan default, death of a member, when to share amounts, interests to charge and meetings. Group objectives should also be covered in the constitution.

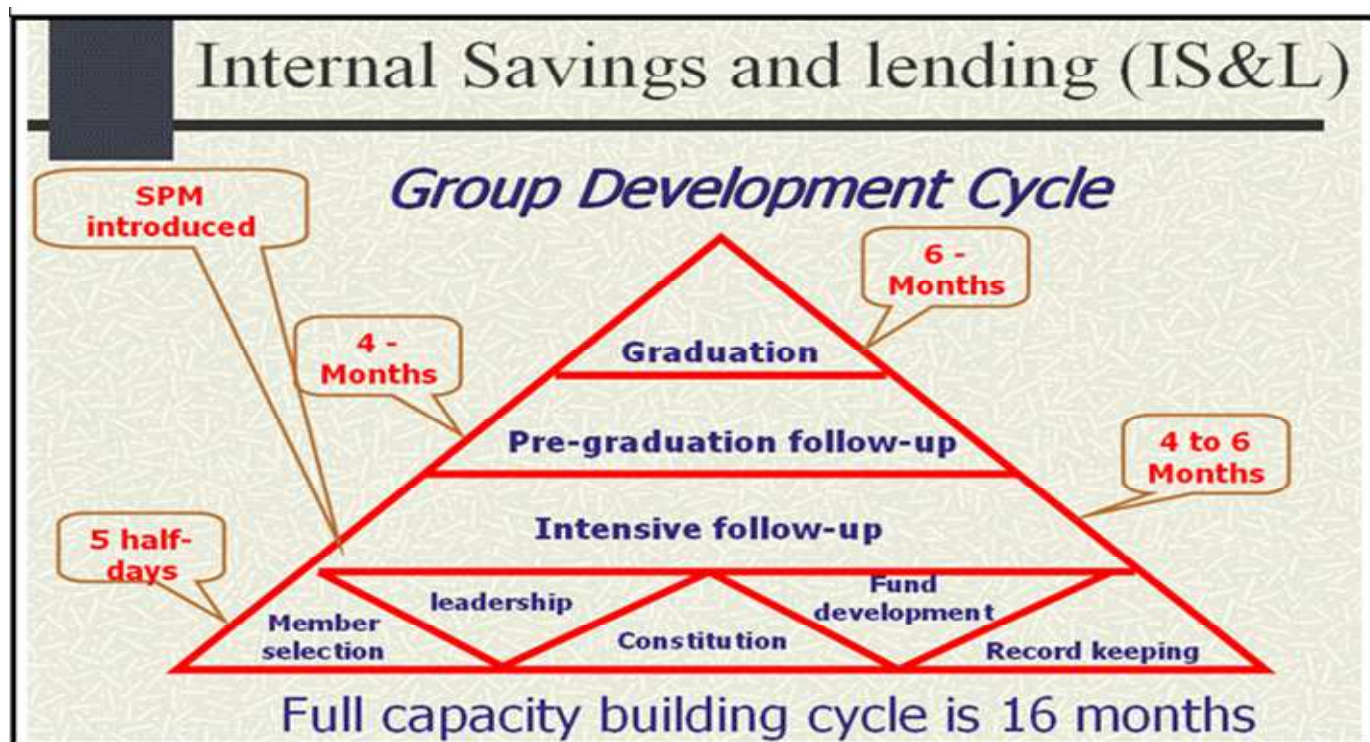
### ***2.5.1.7 Group Fund Development***

Groups are trained to build their funds through efficient savings and internal lending amongst members. The participants are trained on charging interests and the benefits of doing so. Simple financial calculation is introduced at this stage. Commitment to repaying is emphasized.

### 2.5.18 Record keeping

According to Hugh (2002) record keeping was included in the training especially in Zimbabwe because of the high literacy rate this differed from the implementation in other parts of Africa. Simple record keeping is trained to ensure transparency and accountability. session objectives of the training during the session is to make the participants appreciate the benefits of record keeping, know the different types of records that are needed for a savings and credit group and be able to write records for themselves. Lastly the groups should be able to interpret the group records. Participants to keep the following books thus the register, savings book, fines book, cash book and loans book as well as the constitution.

#### Internal Savings and lending Group development Cycle.



Adopted from MWACD ISAL MANUAL 2008

Figure 6: Internal Saving and Lending Cycle

The diagram above shows the life cycle of the training and support services given to ISALS groups. The base of the diagram shows the basic training required to start ISALS. Five topics which are membership selection, leadership, constitution making, fund development and record keeping which have been mentioned in detail above are covered. Following group formations pre-trained cluster facilitators makes intensive follow –up monitoring and giving technical support to groups an exercise which takes between 4 to 6 months. The next 4 months is referred to the *pre-graduation follow-up stage* and which the cluster facilitator makes recommendation on the progress of the group to the organization implementing the process. The last stage is the *graduation stage* where celebrations are held for the group. The leading organization may issue certificates. The group may use the occasion to show what they manage to get throughout the cycle. The cycle lasts for 16 months.

## **2.6 Implementers of ISALS in Gokwe South**

The section explains how different stakeholders are implementing ISALS in the District. ISALS are being implemented in Gokwe South by a number of NGOs and the Ministry of Women Affairs, Gender and Community Development. The World Vision has incorporated the funding methodology to support Girl Child Education while MWAGCD and Caritas use the ISALS as a poverty mitigation intervention. Concern Worldwide used the intervention as a component to enhance livelihood in its Food Income and Market Programme which lasted three years from 2010-2013. In addition NGOs like Africare are currently working the modalities of incorporating ISALS to support water, sanitation and hygiene programme. However this section does not discuss the Africare role in ISALS since its intervention is still work in progress.

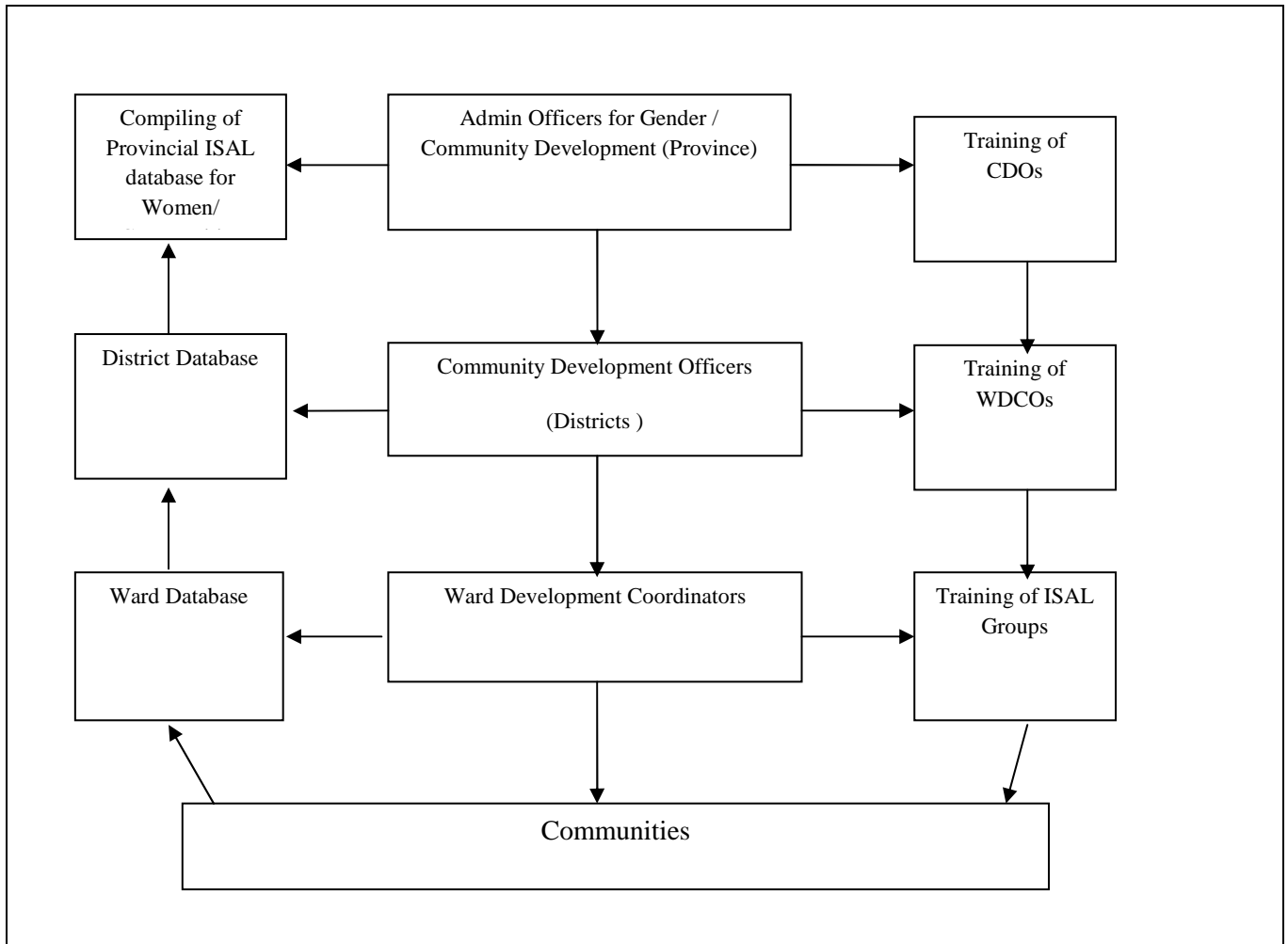


### **2.6.0 Ministry of Women Affairs, Gender and Community Development (MWAGCD)**

MWAGCD is responsible at training ISALS as well as monitoring activities of partner organizations especially NGOs, Faith Based Organization and Community Based Organization that compliment government efforts in this regard. The Ministry of Women Affairs Gender and Community Development is a government ministry which was established in 2005 although the portfolios under it have existed in different Ministries since 1981. The Ministry was given broad based mandate, on economic empowerment and mobilization of women and communities and elimination of gender disparities. The Ministry is comprised of five departments, two which are service departments that are, Finance and Administration and Human Resource. The remaining three make up the Technical Departments which are Women Affairs, Gender and Community Development. The latter Departments are also referred to as the line departments, because they directly execute, the mandate, goals and objectives of the Ministry.

ISALS are trained by two main departments which are Women Affairs and Community Development. The former department specializes in exclusively women run projects in all sectors of the economy including ISALS. The Community Development Department oversees ISALS operated by both sexes. At District level the personnel who do the training of ISALS in both departments are the same while at provincial and National level it is done by different officers. The District office is headed by the District Development Officer followed by two Community Development officers whose responsibilities are supervising and training of Ward Development coordinators (WARDCOs). The WARDCOs are located in various

wards and their major responsibility is supervising ISAL groups, collecting regular data, capacity building and training of new groups. The Ministry is also responsible of keeping a database of all ISAL groups in the district including those trained by other partners. Below is a diagram which shows how the training of ISALS is conducted by MWAGCD



**Figure 7: Training of ISALS and compiling of the database**

According an interview with Sitsha (2014) MWAGCD is implementing the ISAL in 39 wards in Gokwe South District where villagers conduct their own savings which they borrow and attach a certain percentage interest when they repay. Objectives of the ISALS groups vary

some target increasing their household income others prioritize buying household kitchenware (women ISAL groups) and others livestock.

### **2.6.1 Caritas Zimbabwe**

Caritas Zimbabwe was founded in 1972 by the then Rhodesia Catholic Bishops Conference (RCBC) to carry out social work of the church. The organization was renamed Catholic Development Commission (CADEC) in 1984 as way to modify its emphasis from social welfare to development. However in Zimbabwe it still is called Caritas Zimbabwe , its thrust includes human development , emergency interventions, advocacy , peace building, ‘mandate includes human development, emergency relief, advocacy and respect of human rights. ([www.caritas.org](http://www.caritas.org)).

Caritas trains ISAL groups and provides monitoring up to graduation level. According to the programme officer the training takes 5 days while monitoring takes 3-6 months (Mr. Ndhlovu 2014, interview, 1/9/2014). The training content is similar to what is trained by the MWAGCD. The aim of ISALS is to help communities budget their money especially after harvesting so that they do not run out of cash. This stemmed from the realization or acquisition of seasonal income which characterized most communities. Caritas Zimbabwe realized that farmers would have money briefly after harvesting that rarely lasted to the next harvest. The ISAL programme was then designed to promote a culture of saving and investing. The organization argues that if communities are able to save and invest the chances of them following under the reigns of poverty is minimized. Dependency on external loans or

contract farming which is usually exploitative is minimized (Mr. Ndhlovu 2014, interview, 1/9/2014).

The programme was also designed to help communities mobilize and manage their resources without external help. This was a shift from the provision of hardware components such as fertilizers, grants, external loans and other building material. The methodology adopted by Caritas aimed at removing dependence syndrome of communities on donors to spearhead and dictate the pace of development. Emphasis is given on the utilization of local available resources rather external donations.

To ensure sustainability and continuity of the ISALS Caritas Zimbabwe trains Community Based Facilitators who will carry the monitoring of groups after graduation as well train more groups. The training of the Community Based Facilitators is done in 7 days. While the MWAGCD records that 90 groups have been trained by Caritas, it claims that it has managed to train around 150 groups. This might be indicative that there is need network regularly to update information between the partner organization and the Ministry. It emerged from the interview that the organization does not give regular reports to the Ministry of Women Affairs, Gender and Community Development (Mr. Ndhlovu 2014, interview, 1/9/2014).

## 2.6.2 World Vision

World Vision began operating in Zimbabwe in 1973, providing assistance to children's homes and offering relief to Zimbabweans in camps and institutions. After independence in 1980, focus changed to rehabilitation and small-scale development programmes as the country absorbed exiles and displaced groups. Currently World Vision is addressing community development focusing on children ([www.wvi.org/Zimbabwe](http://www.wvi.org/Zimbabwe)).

World Vision incorporated ISALS into a programme aimed at tackling barriers to girl child access to education called *Improving Girls Access Through Transforming Education* (IGATE). The programme is implemented in partnership with Care International which has been selected for its expertise in ISALS and SNV Netherlands Development on the other hand, is responsible for training School Development Committees (SDCs). The VSL program or ISAL model is incorporated to tackle financial barriers to girl's education. The model educates self selected households to save towards food, health and education. Mother Support groups are formed within the VSL model to use the proceeds to meet the school needs of the children such uniforms and school fees. ([www.educationinnovations.org](http://www.educationinnovations.org)).

According to the World Vision database there are 1628 ISAL members spread out in 233 supervised by 3 officers. The organization is using ISAL groups that were trained by Concern Worldwide during its operations. Re-trainings were conducted late in 2013 as part of

the IGATE programme. This paper treats the groups that are being used by World Vision as part of the groups that were initially trained by Concern Worldwide.

### **2.6.3 Concern Worldwide**

Concern Worldwide started working in Zimbabwe from 2002-2013 with the aim of increasing productivity by using conservation farming techniques. Training of ISALS were done under Food Income and Markets programme which was aimed at fighting famine at household level and producing a surplus for sell. The organization was operating in Gokwe South, Gokwe North and Nyanga. Concern Worldwide had targeted the training of 6211 ISALS but it managed to surpass the figures and it trained 6462 thus 1674 males and 4788 females spread in 901 groups (Concern Worldwide Stakeholders Report July 2012). A total of 40 Community Based Trainers were trained to train new groups and monitor the activities of groups. MWAGCD does not have complete database of Concern (Community Development Officer, Interview 2/2/14).

### **2.6.4 Community Based Trainers (CBTs) / Private Sector Providers (PSP)**

Caritas and Concern have trained Community Based Trainers to ensure continuity of ISALS. The CBTs are responsible for training new groups and existing groups on ISALS. They are responsible for monitoring of ISALS and provide technical support when needed. CBTs are selected from the communities and trained on how to train the community. The CBTs that were trained by Concern charge a fee which is agreeable to the recipients of the training. The

charge can be in form of cash or small livestock like goats or chickens. A prominent CBT Beulah Shona cited that she was charging \$5 for the five sessions thus dollar for session (Interview) . According to Mahohoma a former program advisor of Concern cited that the selection criteria are at the discretion of the community under the supervision of community leaders and the councillor. However a guideline is given by the organization at least two or three Ordinary level of education is a prerequisite and a test for competence is usually given. Concern gave the CBTs they trained incentives such as bicycles, shirts and hats to encourage hard work.

Caritas use Field agents which serve the same purpose as Community Based Trainers which graduates to Private Service Providers who begin to sell their training to new and existing groups. Field Agents are not paid they work on voluntary basis.

#### Qualities of a CBT

- Patience and open-mindedness
- Good Facilitation and Numerical skills
- Respectable
- Time Conscious
- Friendly
- Self motivated
- Trainable

- Able to manage and resolve conflict
- Confidentiality
- Reliable

## **2.7 Conclusion**

This chapter looked at a brief background of microfinance in Zimbabwe. It examined interventions of SACCOS, ROSCAs and MFIs looking at their characteristics, successes and limitations especially in the Zimbabwean context. The chapter went on to look at ISALS training methodology and current and former implementers of the programme in Gokwe South.



### **Chapter 3: The Socio- Economic Characteristics of ISAL members**

Using a cross sectional design method the researcher was able to come up with household economic portfolios of the ISAL groups to evaluate their socio-economic characteristics. This chapter gives a glimpse of the group of people who are active in ISALS and it also investigates what motivated them to use the finding methodology. The chapter goes further to discuss reasons why some members quit ISALS.

#### **3.1 Ward ISAL Profiles**

The availability and viability of Income Generating activities impacted greatly of ISAL groups. The wards that had good businesses had better loan amounts compared to the wards with less business activities. Despite this observation ISALS was playing a major role in mitigating poverty as will be explained below.

Ngomeni is located between Muyambi 1 , Jiri 1 , Sai 1, Ndhlambi 2 and 3, it has a total population of 11 868 spread in 25 villages. In terms of water it has 26 boreholes of which 14 are broken done. It also has 6 deep wells and 1 shallow well. The biggest business centre in the ward is Mateta. The main economic activity is growing of cotton followed maize. Market gardening is a prevalent economic activity in ward. The ward takes advantage of the neighboring wards like Sai 1 which is arid to supply green vegetables and tomatoes. One crate of tomatoes in the ward is sold at five dollars. An average trader sells four tins per month. This strategic geographical advantage of Ngomeni is conducive for ISALS groups to work successively. The average interest rate charged on loans is 16.3 percent. The interest

ranges from 5 percent and the maximum 20 percent. The average loan amount given is US\$73.66 to a single member. The sum of loans for the thirty-one groups that were interviewed amounted to \$2284.

Nemangwe 5 borders with Chirisa Safari area North West and it is divided with Nemangwe 4 by the Sasame River and to the East with Gokwe North. It had a population of 18 535 distributed in 32 villages. It has 10 boreholes of which 3 are not working 6 deep wells and 14 shallow wells. The ISAL profile for the ward indicates that the total loan amount for the 40 groups that were interviewed was \$977 and at average a member could borrow \$24.42. However the ISAL groups had fluctuating ways of calculating interests thus a group would charge either a dollar or two dollars as interest for any given amount. This method made it difficult to come with an average interest rate for the ward as was the case with Ndhlalambi 3 and Ngomeni. As a result the growth of their loan funds is low compared to other wards. US\$158 had been invested in agricultural inputs. In terms of dropouts the ward recorded the highest numbers thus 41 compared to 30 recorded by Ndhlalambi and 7 by Ngomeni.

Ndhlalambi 3 Ward 32 has the least population compared to the aforementioned wards; it has 4641 in 25 villages. It has 10 boreholes with only 3 working as its water source. It is located among Nemangwe 1, Sai 1, Ngomeni and Ndhlalambi 2. The total value of loans in the 36 groups that were interviewed is US\$10 120. The average loan per individual is US\$281.11 while the group with largest amount has US\$1 332. The research observed that most of the groups that had large sums of money were informal cotton buyers, flea market traders, civil

servants and shop owners. The average interest rate is 19.7%. There were four groups without any outstanding loans since the interviews happened at the time when they had cashed out.

### 3.1.0 Wards Loan Portfolio

<b>Ward</b>	<b>Ndhlalambi 3</b>	<b>Nemangwe 5 ward 9</b>	<b>Ngomeni</b>
	<b>Ward 32</b>		
<b>Groups Interviewed (N)</b>	36	40	31
<b>Total loan Amount \$</b>	10 120	977	2284
<b>Total Social Fund \$</b>	4095	1083	935
<b>Average Interest Charged</b>	19.7%	(Fixed amounts from \$1 to\$ 2 )	16.3%
<b>Average loan per member \$</b>	281.11	24.42	76.12
<b>Number of members at inception</b>	353	361	212
<b>Current Active Membership</b>	331	322	203
<b>Average membership</b>	9	9	7
<b>Dropouts</b>	30	41	17
<b>Amount used by Agricultural Inputs</b>	5501	158	2243

**Table 2:**Wards Loan Portfolios

### 3.2 Sample Characteristics

The research observed that most of the trainings were contacted by Concern which accounted for sixty one groups out of the hundred, followed by the MWAGCD which had trained thirty-four groups. PSPs had trained nine groups while 3 groups claimed to have trained by other groups. *Fig 8* shows trainings done by implementers as characterized in the sample.

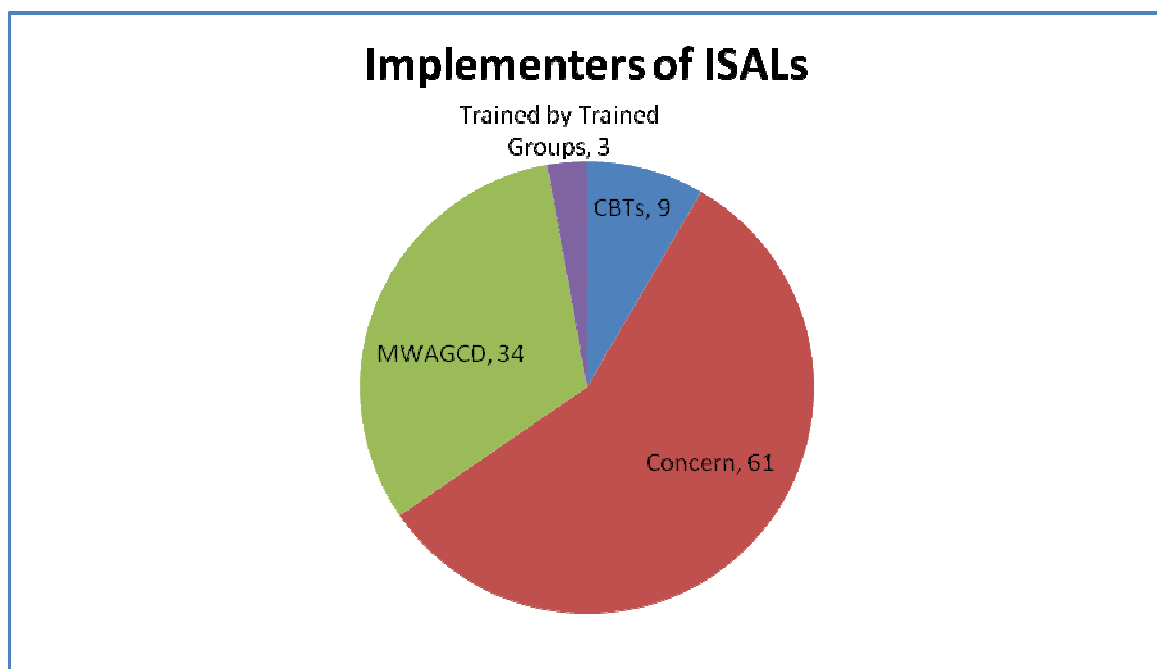
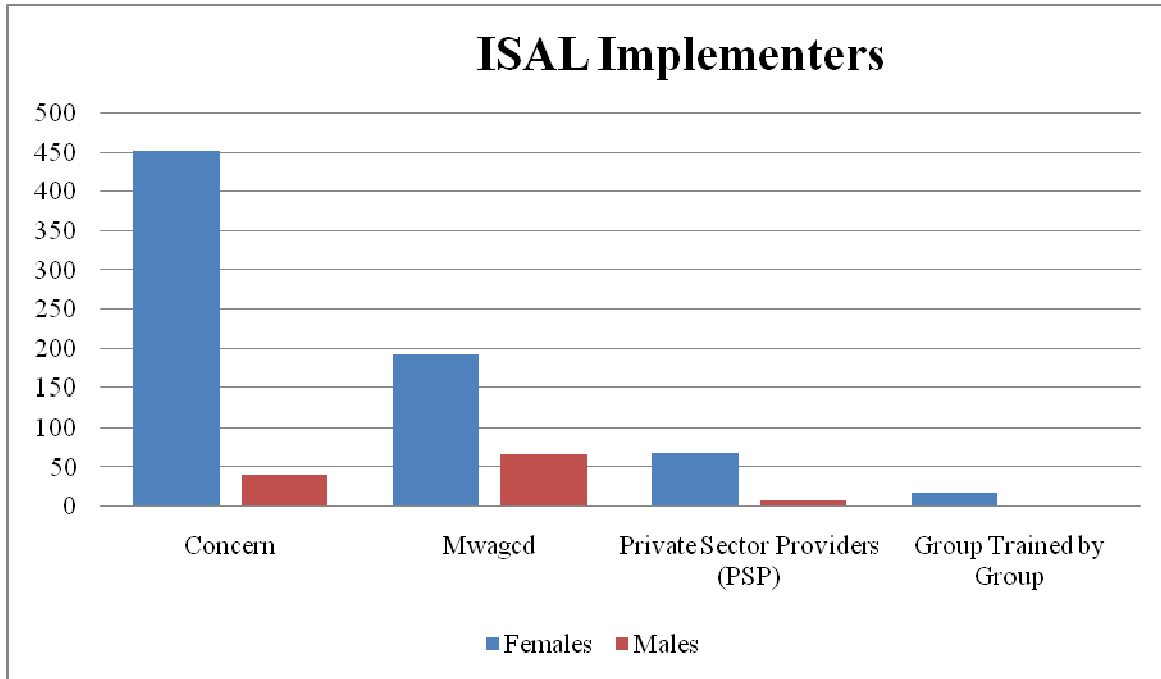


Figure 8 Implementers of ISALS

The research covered a total of hundred and seven groups with a total membership of seven hundred and eighty eight .Concern trained four hundred and ninety four, MWAGCD two hundred and fifty nine, while former CBTs, seventy –seven, and eighteen women had been trained by trained groups. Concern had the highest numbers of females who received training, while MWAGCD recorded the largest number of males. (*See Fig 9*)



**Figure 9** :ISAL Implementers

### 3.2.1 Membership of ISALS

#### 3.2.1.0 Sex

Most ISALS in Gokwe South are run by females. Out of a total of 848 members of ISALS that were interviewed in focus group discussions only 116 were males that is about 13.68% of ISAL membership. Out of 107 groups only 32 had male members with only 3 groups exclusively comprising of male members and 72 groups exclusively having female membership (*See Fig 11*). According to the MWAGCD database 25.44 % represent membership of men while the World Vision database (February 2014) for *IGATE* indicated 16.1% and Concern Worldwide had recorded between 20-25% male participation (Interview Tineyi Hungwe). In trying to explain the phenomenon varying explanations cropped up. Some were programme designs of implementers; some were assumed character traits and the other had to do with individual preferences. The Ministry of Women Affairs, Gender and

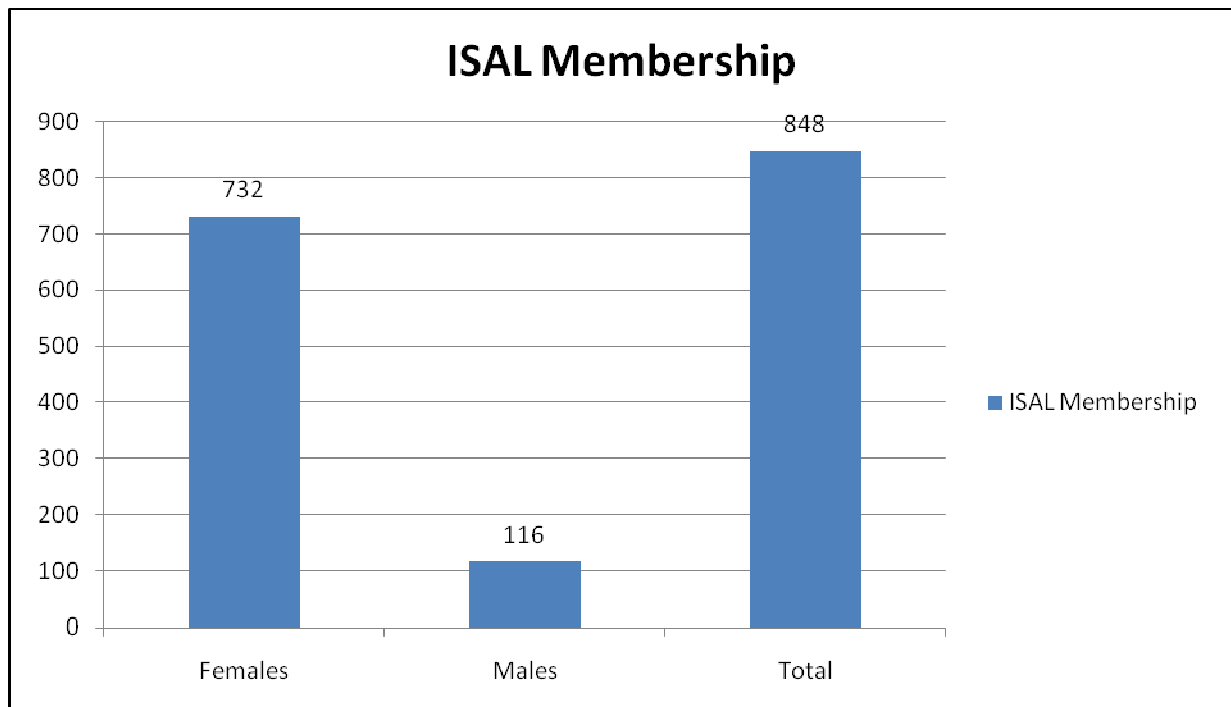
Community Development indicated that the reason that the funding methodology had more women than men was because as a result of the programme design that targeted at empowering women to achieve gender equity. The Women Affairs department and the Community Development department to some extent focus mainly at achieving more women in their programmes than men (Interview Sitsha Community Development Officer). Phiri also added that their *IGATE* programme had more females than men because it emerged that most women were more concerned with educating the girl. This is collaborated by what some respondents indicated.

According Ndhlovu (Interview 2014) women have more interest in ISALS because they have more saving tendencies than men. Some of the respondents indicated they chose to work as women to minimize bad debts. IFAD (1998) noted that studies have indicated that women are more reliable in terms of repaying loans than men. However Onajo and Emodi (2012) dismissed the claim as stereotypical they argue that there should be a paradigm shift since gender is not a determinant factor in loan defaulting.

Other explanations pointed to male egoism that most believe in working as individuals. The former Programme Advisor of Concern worldwide indicated that men were reluctant to join or form ISALS because the contributions which are common in the groups are too small and the process is too cumbersome and most men lack the patience. This view was supported by an education officer from World Vision who indicated that men targeted bigger household assets which are not usually meet by ISALS (Interview Phiri ). Tineyi Hungwe the erstwhile

manger of Concern Worldwide for Gokwe South cited that there is a general belief that ISAL intervention is meant for women and this is why women represent 80-85% of ISAL groups.

Another plausible explanation stems from the limited access of women to formal banks since most women do not collateral. According Zimstat (2013:42) 17% of women population access credit facilities compared to 68% of male population hence ISALS increases their chances of getting credit.



**Figure 10** :ISAL membership

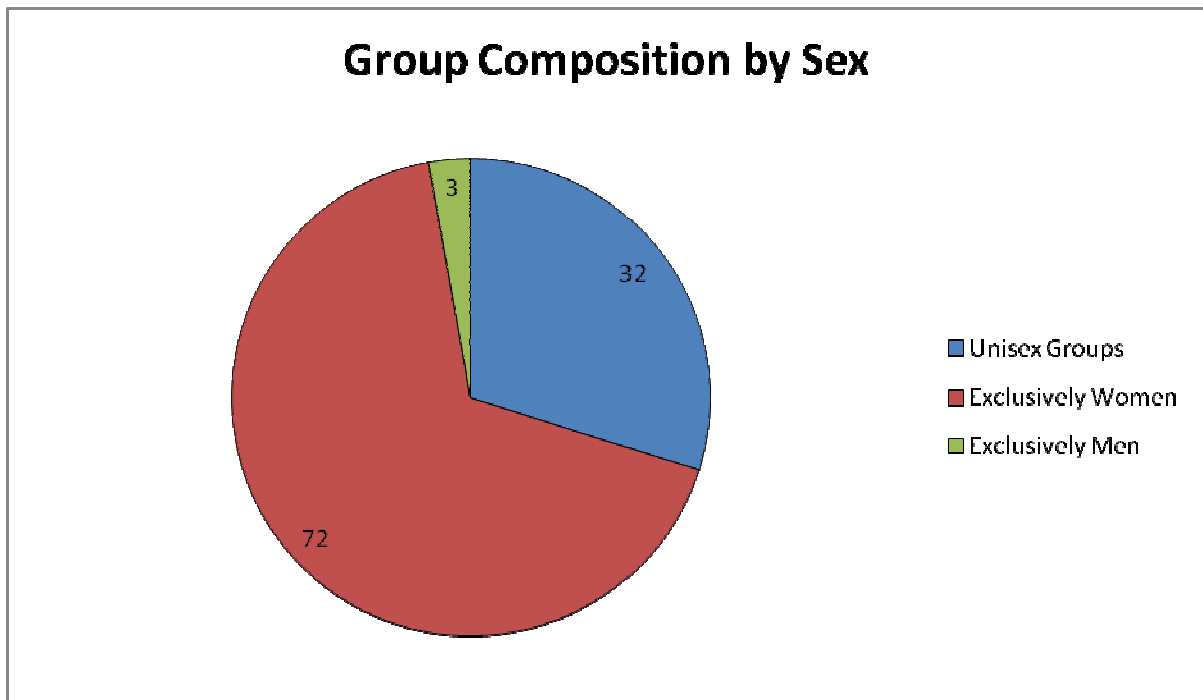


Figure 11: Group Composition by sex

### 3.2.2 Household Characteristics

81 % of the respondents were married, 10% were widows, 5% were still single and lastly 4% were divorced. Three quarters of the interviewees indicated that there were not household heads but spouses. The assumption is that the household head is the one who decide on the economic activities of the household. This shows that the spouses had no reservations on women being part of ISALS. It seemed that men were supportive of women to be in ISALS. However, some groups cited that their husbands were reserving the right to allow them to meet for ISALS or not.



### 3.2.3 Age

The study observed that most ISAL members were between the age of thirty years and forty nine years. It was evident that the middle aged people participate in ISALS more than the youths (See Fig 12). The ward development coordinators of three wards under the study indicated that middle aged people participated more in developmental projects than older and younger ages. The reason for this was that the youth are a highly mobile group a characteristic that did not work well with ISALS and those over 50 were not economically active to participate in ISALS.

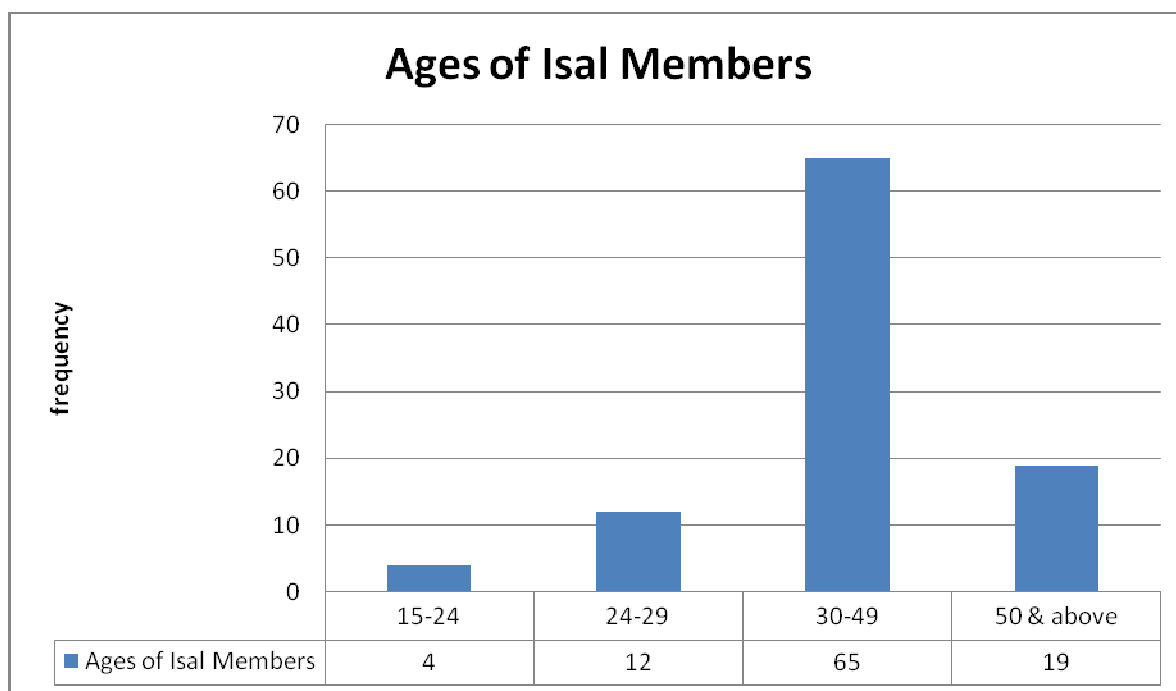


Figure 12 :Age of ISAL members

### 3.2.4 Level of Education

The highest level of education attended by most ISAL members was secondary school with 48% having attended primary education. 18% of the interviewees indicated that they had never attended school. This indicated that that the programme targeted those who were literate. The Basic education was a prerequisite to be a member of a group since writing and calculating characterize the operations of ISALS. Most organization has emphasized this point and this is evidenced by the literacy rate of members. It is not conclusive that those who had not attended school were illiterate. However none of the members had tertiary education probably inferring that the funding methodology might not be favored by those with higher education.

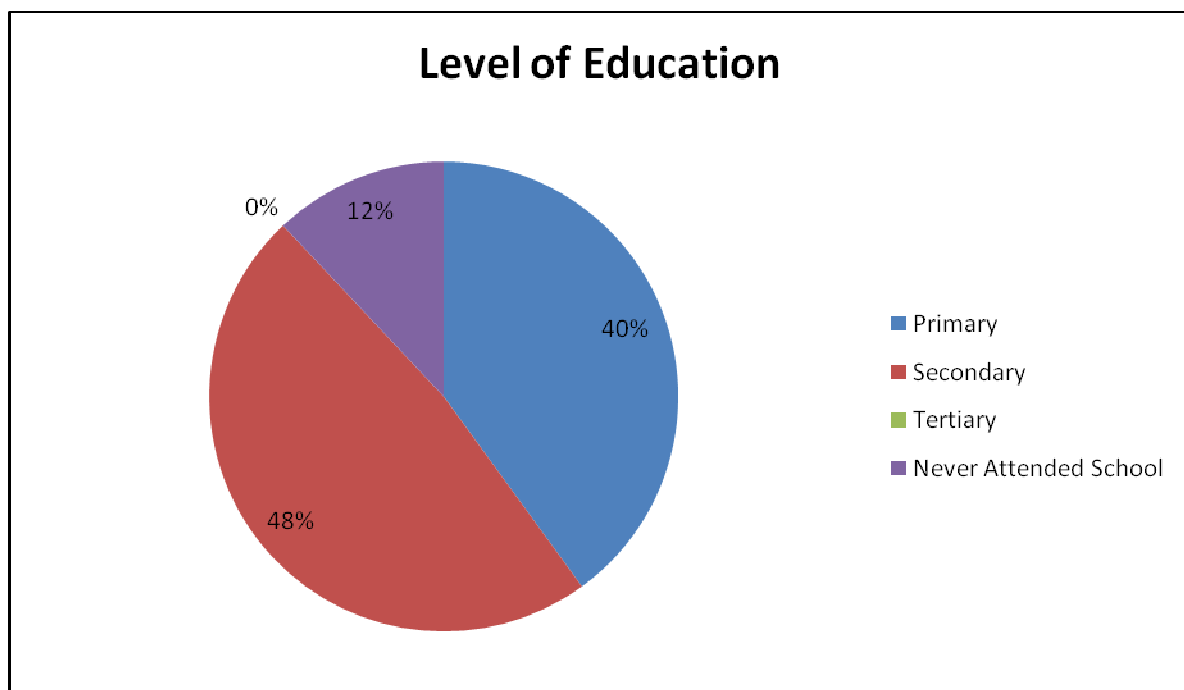


Figure 13: Level of Education

### 3.2.5 Sources of Income

The sources of income of the respondents ranged from market gardening, flea market, and petty trading, cotton, buying and farming poultry and maize production. 69.93% of the income of most of the respondents was between three hundred and five hundred dollars per year thus \$1.10 per day (See Fig 14). This showed that most participants were surviving on meagre income if not managed well would fail to last a year considering that most household three to nine members (See Fig 15). Zimstat (2014) puts food ratio per 5 people at \$31.42 which means that most people under review can be regarded as poor. It is in this context that *mukando* provides financial access and act as banks to save money and to borrow.

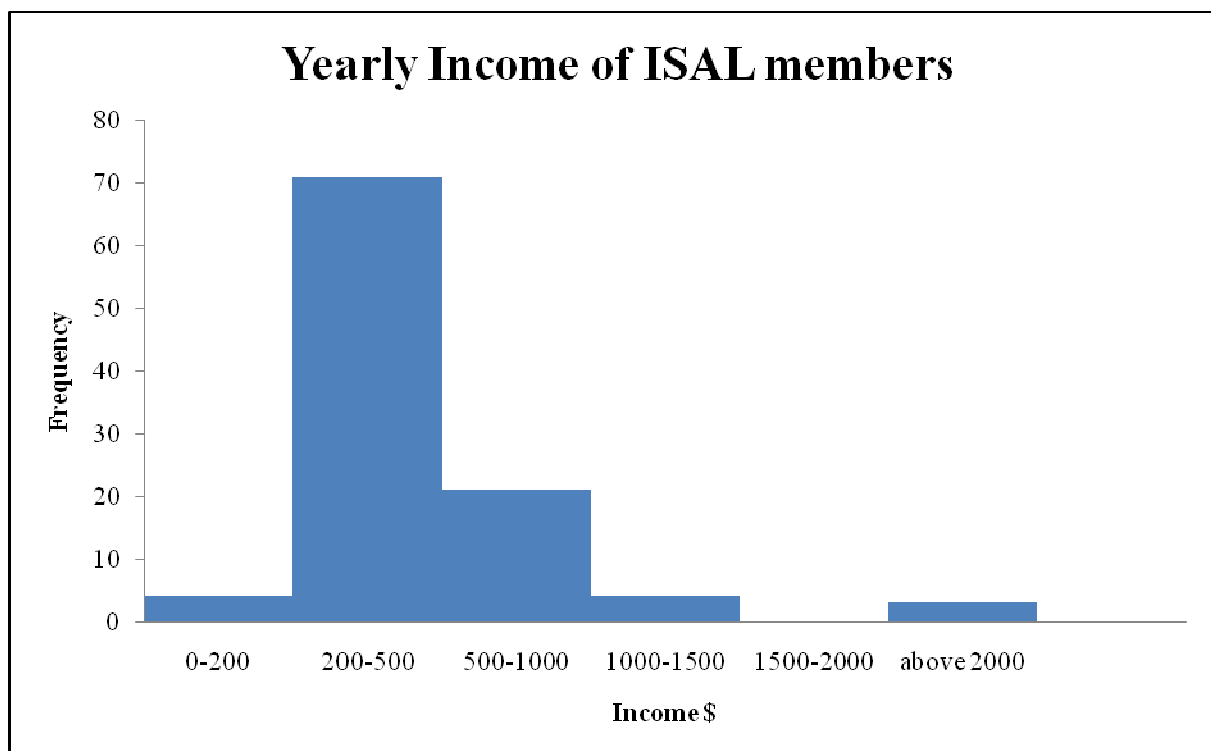
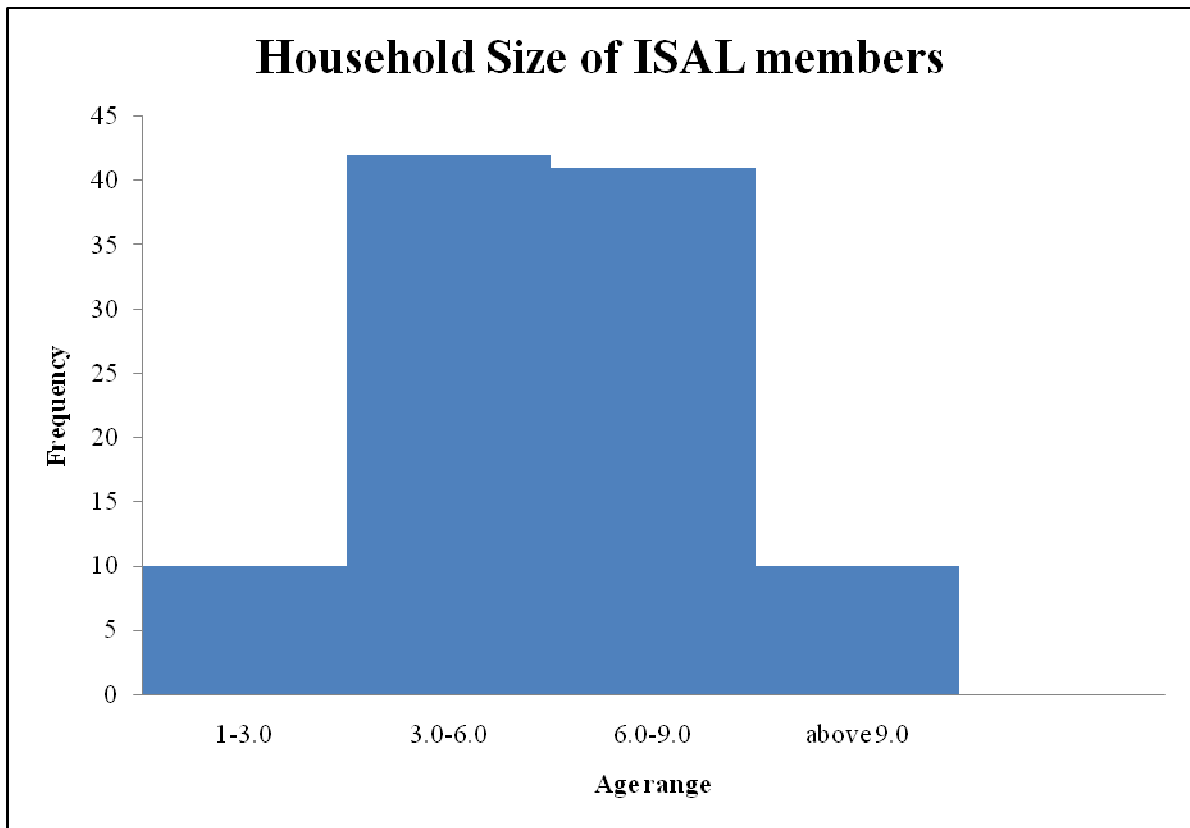


Figure 14 : Yearly Income of ISAL members



**Figure 15:** Household of ISAL members

### 3.2.6 Reasons for Joining ISALS

The major reason for joining ISALS for most group members were to start income activities. The majority of the respondents cited that before joining ISALS it was quite difficult for them to get capital to start desired businesses. Prior the funding methodology some ISAL members indicated that they would get loans from relatives which was never enough in certain instances some indicated they had tried to get loans from formal banks but they did not meet the requirements. Other respondents highlighted that they would get small loans from ROSCAs however most of the times their turn to get the lump sum will not coincide with their needs.

Most of the respondents indicated that the micro -enterprises there were running had been financed by ISALS funds. Some members had chosen the funding methodology a saving method. From the sample only a single respondent had a bank account. It emerged that ISALS could be termed a bank for the poor people. Through probing interviewees cited that they could not afford to open a bank account due to the exorbitant prices needed as well sustain the interests charged by formal banks. Most of the respondent argued that the transport cost was a factor for them to open bank accounts. The transport cost to go Gokwe Center ranged between \$3 and \$6 per trip and this was beyond the reach of many. Other respondents cited that their money would not earn any interest in formal banks because of service charges hence it was better to bank it in ISALS. In other cases respondents indicated that they did not have enough documentation to open accounts hence they preferred the flexibility of operations of ISALS. The savings were used to meet household items, assets and needs. The uses of the cash out will be discussed below in detail.

There was an indication that a number of respondents had joined ISALS as a social security measure in case of emergencies. A woman during an interview remarked that she had used the loan fund when her child died. The social fund was not prioritized as compared to the loan fund except in Nemangwe. Ngomeni's and Ndhallambi social fund were 29.05% and 28.81% of the total funds respectively at the time of interview. A group would chose to go without a social fund than a loan fund since the money would not acquire any interest. In total the social fund constitutes 31.36% of the total funds of the sample. In Nemangwe savings were more than the loan amount thus savings accounted for 52.57% of the total amount. The reason why social fund was high in Nemangwe is that the area is prone to drought and

generally poverty is higher in the area compared to the other two wards. Hence people join ISAL groups to cover themselves in case of emergencies. ISALS were used as a form of saving money to cope with emergencies.

Some groups were formed according various social or religious characteristics. Some groups resembled their religious orientation for example members would group because they came from the same church. Members for the United Family International Church and Zion had formed ISAL groups exclusively for their membership. Another group was an HIV support group which was turned into an ISAL group in order to meet nutrition needs and to support each other. Most groups were made up of friends who had come together to end poverty through pooling resources and sharing the profits.

### **3.2.7 Reasons for Dropouts**

Dropouts accounted for 9.5% of the total membership. 40 groups out of 107 had experienced a drop out of at least a member. Larger groups had more dropouts than smaller groups. The biggest fall out to come out in a single group was the dropping out of twelve members out of twenty members.

Dropping out were mainly caused by various reasons. There was an indication that most of the dropouts have been caused by the member's inability to meet the monthly subscriptions after their business failed. Most dropouts were in Nemangwe which accounted for 45.45% of

the dropouts. As pointed out that the area has less economic activities as compared to the Ngomeni and Ndhlalambi hence failure to meet subscriptions was a recurrent phenomenon. Some respondents cited that some of their members had relocated to new places. Out of those who had relocated only one had not paid her loan. The group had no option but to write off the loan of 100 dollars. One respondent stated they lost a member after she had divorced with her husband and she had to go back to her rural areas.

The groups vary from five members to twenty members with the average size being nine. 89.42% constituted of retaining members while 1.08% accounted for new members who had joined existing groups. (see pie chart below).

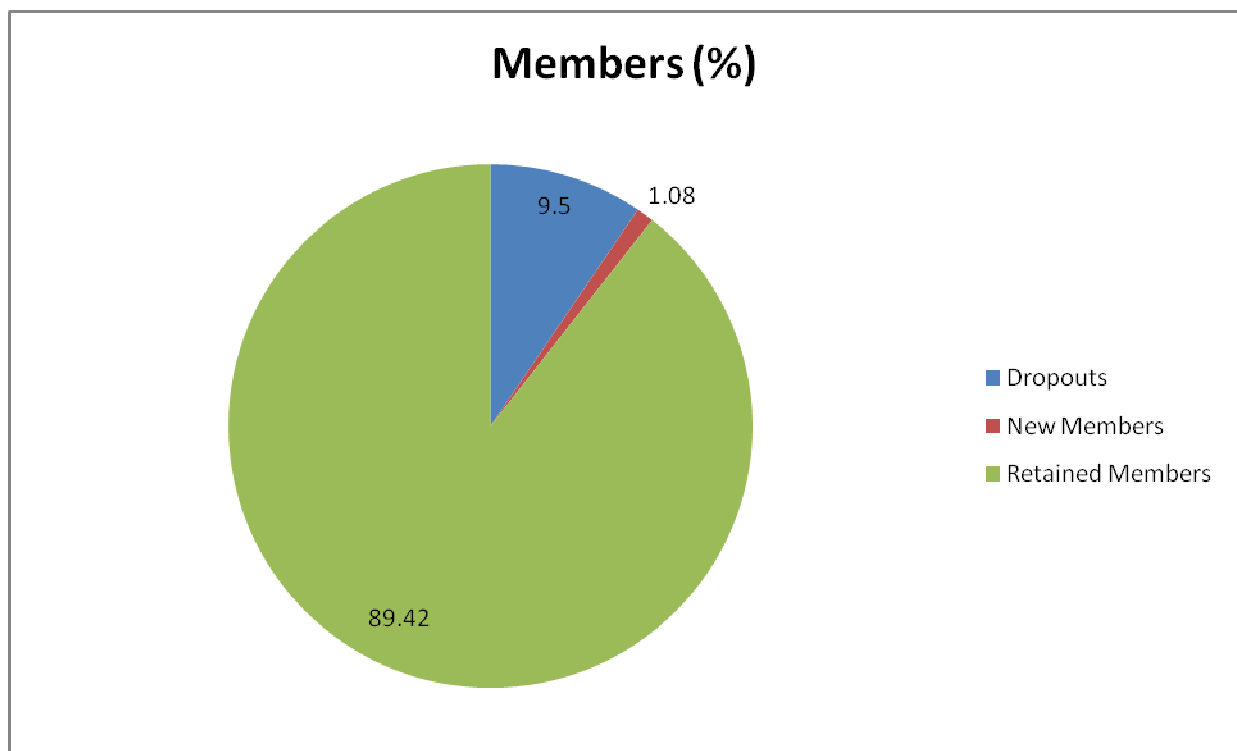


Figure 16 :Percent of Membership Retention

### 3.2.8 Membership Retention

Membership retention of a programme can be used as an indicator its success. 89.42% constituted of people who had completed at least a cycle and were still doing ISALS. The fact that some people were repeating a programme can show that it was beneficial. 51.5% of the respondents had completed two cycles, 19.4% had completed a cycle, while 14.6% had four cycles and only a single percent had covered 6 cycles (*See table 3 and Fig 17*). Two cycles were the average cycles completed. The length of cycle ranged between two months and forty –eight months with average being 12 months per cycle. The shortest cycle is three cycles in two months while the longest cycle is a cycle in 24 months (see frequency polygon below)

**Cycles Completed**

	Frequency	Percent	Valid Percent	Cumulative Percent
Cycles 1.00	20	19.4	19.4	19.4
2.00	53	51.5	51.5	70.9
3.00	14	13.6	13.6	84.5
4.00	15	14.6	14.6	99.0
6.00	1	1.0	1.0	100.0
Total	103	100.0	100.0	

**Table 3: Cycles Completed**



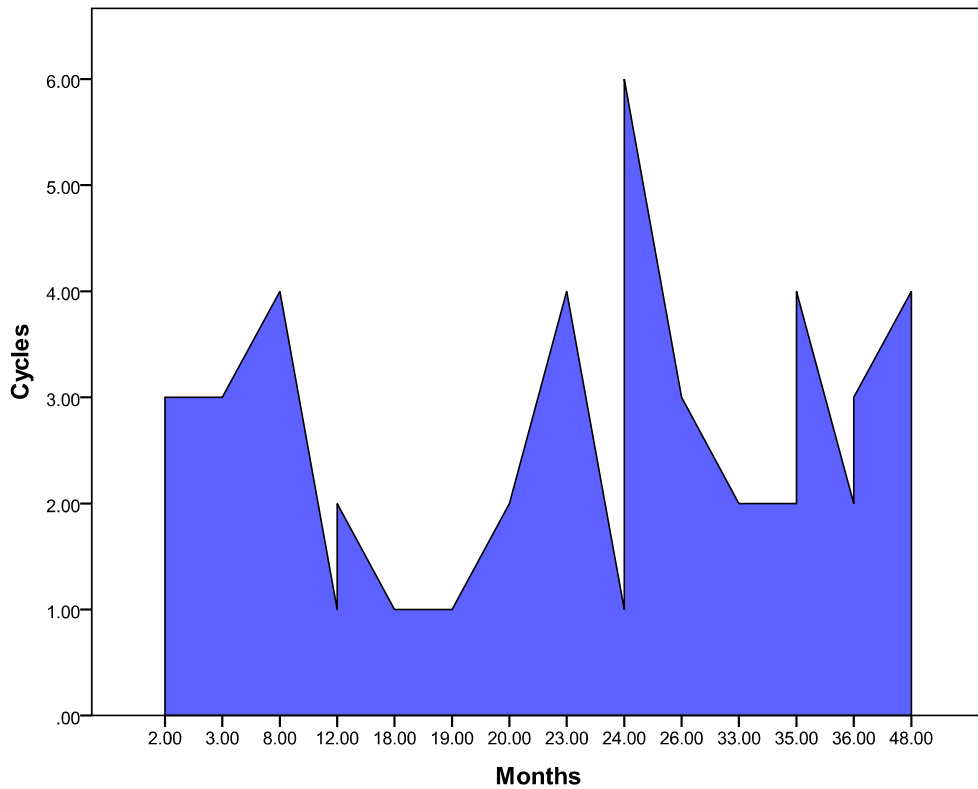


Figure 17: Cycles Completed

### 3.3 Conclusion

The chapter discussed the socio-economic characteristics of ISAL members. It was observed most of the participants in the ISAL programming were married women. There were few men who had joined ISALS. The age range of 30-49 was very active in ISALS. Most of the members were semi illiterate and the highest level of education they had attended was secondary school. Most participants indicated they had joined ISALS to have financial access to loans to start micro enterprises and sustain existing. Dropping out of the ISALS was largely owed to relocations and failure of member's enterprises. 89.42 % was the ISAL membership retention rate.

## **Chapter 4: Impact and Challenges of ISALS**

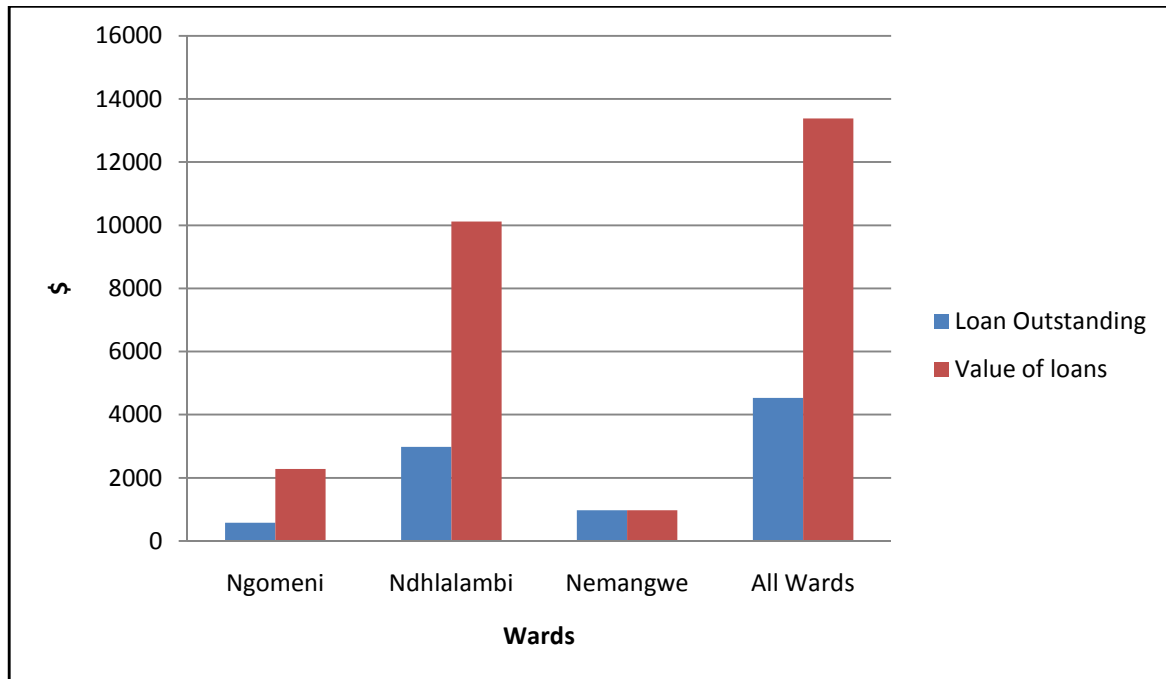
### **4.0 Introduction**

The chapter evaluates loan portfolios of ISAL groups using a cross sectional design to determine the loan savings, loan disbursements and outstanding amounts. This chapter looks at benefits of ISALS and its impact on poverty reduction. The chapter then discusses the challenges that ISAL members are facing with the ISAL funding methodology.

### **4.1 Loan utilization**

An interesting trend shows that the majority of loans that were taken for productive purposes rather than consumption. Group members indicated that they had invested in various microenterprises like petty trading, market gardening, goat rearing and poultry production. Nemangwe had 100% loan utilization which was in the hands of 81 members with an average of \$12.06 per member. Ndhlalambi had 29% loan utilization which was borrowed by 47 members with a single member getting \$63.38. Ngomeni had 25.26% usage of the loan being used by 21 people. 33.88% represents the total loan usage for the sample under review with an average of about \$30.42. While loan utilization is high in Nemangwe the loan amounts given to members is generally low. As indicated earlier the interests that is charged in Nemangwe is quite difficult to calculate since its fixed amount which range between \$1 and 2 for any loan amount. Borrowing is conditioned by the seasons. Thus towards the harvesting of cotton there is great demand for loans since communities will have more buying power.

What should be noted is the existence of \$8851 which is part of the loan amount that has been saved. The availability of this money is indicative of a culture of saving which has been inculcated by ISALS. When there is money to spare it also shows that there is some financial discipline is evident among ISAL groups thus loans are taken with productive purposes.



**Figure 18 : Loans portfolio graph**

#### **4.1.1 Productive Uses**

The loans are many used for two categorical purposes which are productive and consumption. The majority of monies borrowed are being spent on micro-enterprises while a few loans are being taken for consumption purposes.

#### ***4.1.1.1 Income Generation Activities / Micro enterprises***

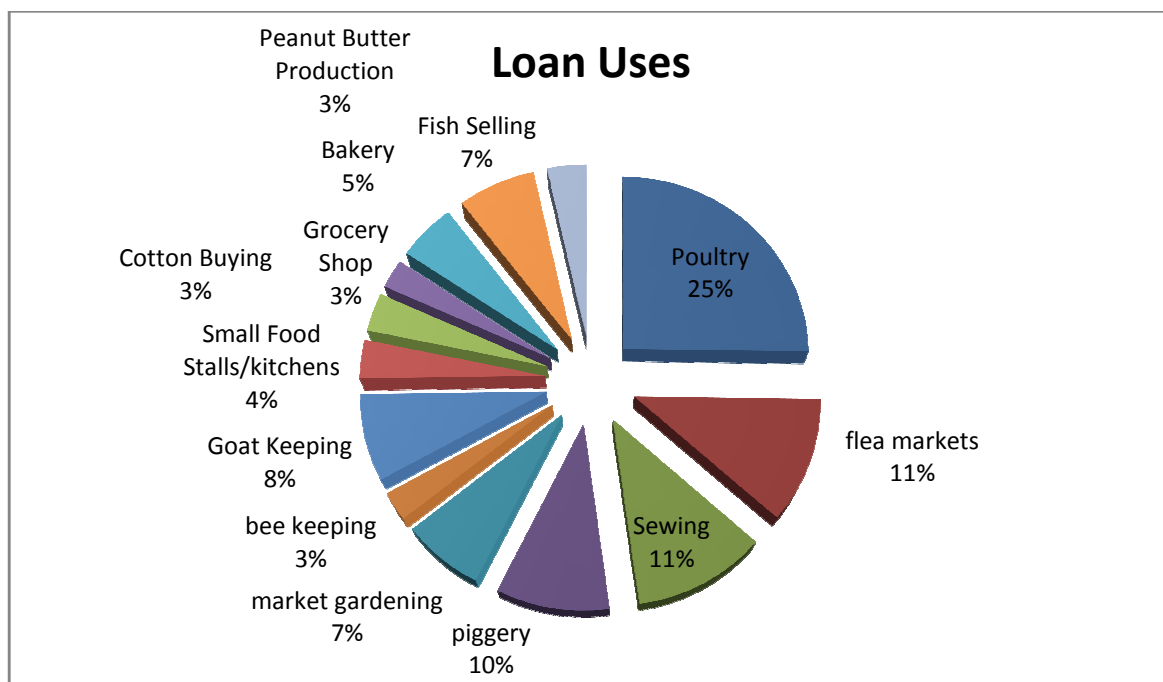
77.18% of the respondents indicated that they were using the loans for micro enterprises purposes. Most of the respondents had invested in poultry and piggery. ISAL members were using the loans for activities other activities such as peanut butter making, fish selling, bakery and operating small foods outlets at business centers among others. A quarter of these enterprises were new while the remainder was already existing businesses.

Those who were running poultry businesses were growing broiler chickens and had used the loans to increase the number of chickens since there was high demand. Some of the groups were replenishing their stock after it had been hit by New Castle. Those who had invested in piggery explained that the money had been used to purchase maize in bulk for feeds. One respondent remarked that she had purchased a high quality doe which was being sold by a prominent businessman. Beekeepers had bought bee suits and increased their beehives. Operators of backyard food outlets used their loans to invest in business assets such tables and chairs. Cotton and Maize buyers spent their loans of buying cotton and maize as well as small grains from farmers. oat keepers used their loans to buy vaccines and increase goat's sheds. Fish mongers used the loan to purchase a license to operate since they had been operating illegally. Flour was bought using the ISAL loans buy bakers. Individuals who were running flea markets had used their loans on transport costs and buying orders from Gokwe Center, Harare and South Africa.

While some members of ISALS had personal micro enterprises some groups had joint businesses. The groups like *Dadai* in Nemangwe 5 ward 11 and *Nice time* in Ngomeni were running small businesses as groups. This meant that they could lend their business money as an entity. *Dadai* is running a goat keeping enterprise while *nice time* specializes in poultry production.

ISALS were making a positive impact in terms of providing members with capital to start Income Generating Activities. There is a positive correlation between income generating activities and poverty reduction. Through income generating activities members were able to meet their basic needs such as food, clothing and shelter. Most of the members highlighted they were using their income generating activities to send children into school and buy school needs.

Access to decent and productive work has a direct role to play in relation to poverty reduction. Income and Generating activities are sources of employment. Financial constraints limit the entry of start-ups and the development of existing IGAs. Access to corporate loans is difficult for people who reside in the rural areas because of myriad of conditions such as collateral issues, distance and proper identification documents. The ISALS are making it easy for the poor to get access to loans without hassles of strict procedures demanded by banks.



**Figure 19: Loan Uses**

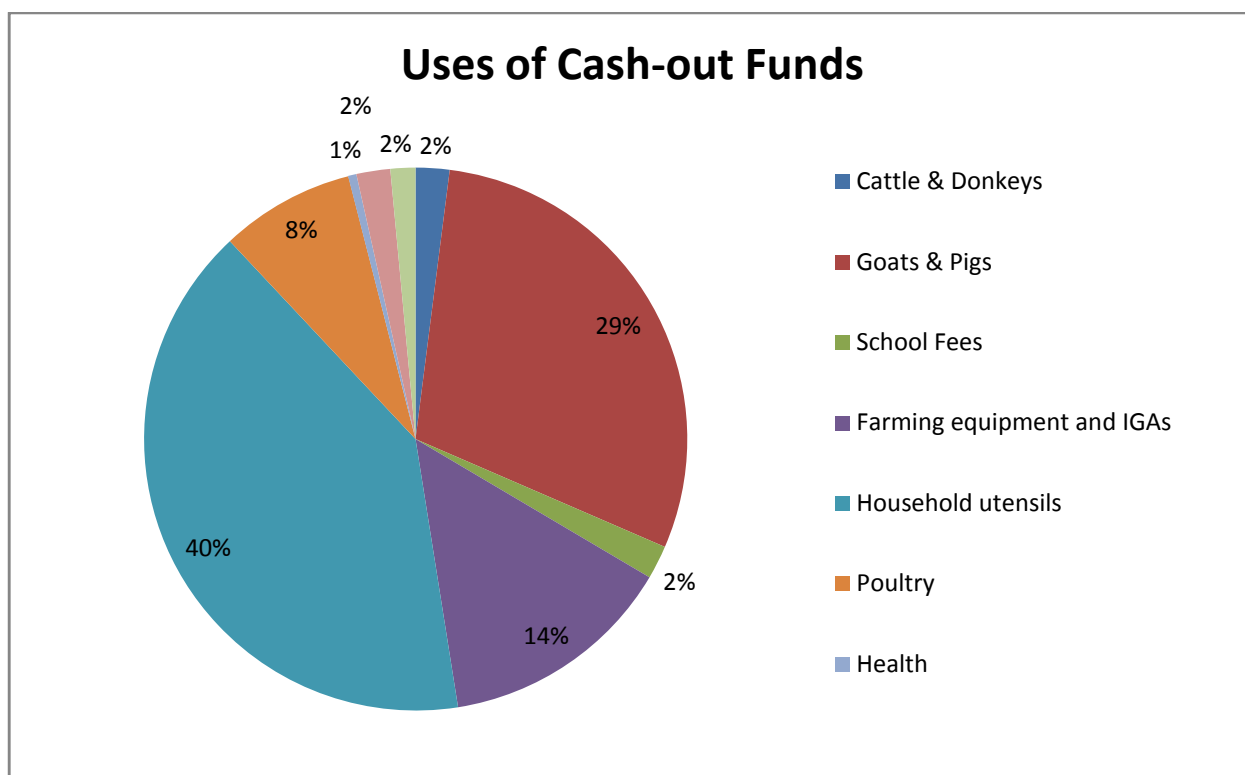
#### 4.3.2 Consumption Uses

21.82% of the respondents had taken loans for personal consumption. 11.13% indicated that they had used the loan to buy household assets and 5.66% had taken the loans for consumption and 6.03% was taken to pay for school fees. Ndhlovu during the interview cited that taking loans for consumption is greatly discouraged, because the loan if not handled well will cause more poverty. One woman had retorted that *“If one is not careful, ISAL’s can bring hunger into your family as you would be forced to sell off the family strategic grain reserve to meet monthly ISAL contributions or loan repayments”* (FIM 2013). However there was little interference by organisations on what the individuals should use the loans for. Unlike in formal lending institutions where projects proposals are a prerequisite for business loans, ISAL members enjoyed the flexibility of getting money without asking.

The groups that had members who had used the money to pay for school fees indicated that they had not make a provision for the social fund hence members could not get the money without interest unlike in groups who had a social fund as insurance. Some groups indicated that in extreme emergencies like death the loan fund could be turned into a social fund.

#### **4.4 Uses of cash- out/ End of Cycle Funds**

Typically 40% of the respondent indicated that they had used their cash out to buy household utensils such as spoons, plates, pots and cups. The reason comes from the fact that most of these informants are females. There was an indication that their kitchenware had greatly improved since they joined ISALS. The total amount that was spent on kitchenware was \$2367 by 81 out of 100 individuals that were interviewed. The average value of the kitchenware bought by ISAL members is \$24.92. One informant remarked that the status of women in the community is measured by the quantities of kitchenware this explained why women preferred to use their cash out on utensils (Respondent Interview 2014). Another respondent cited that household utensils were exclusively owned by women hence it was their property. According to Ndhlovu (2014) in an interview ISALS members had better kitchenware than those who were not part of any group. In similar research according Concern Programme Evaluation report (2013), 24% of ISAL members had bought goats, 24% Pots & kitchen utensils, 24% groceries, 10% Blankets, 8% Chickens, 8% and fertilizer 2% during their debut round. In subsequent rounds kitchen utensils and food items become more important. This is reflective of the fact the larger portion of ISAL cash outs is spent on kitchenware. This is in contrast to the research carried in Sierra Leone which showed that only a single percent purchased household goods while the larger chunk invested in trading or in Income Generating Activities (Vanmeenen 2010).



**Figure 20 : Uses of Cash-out funds**

37% of ISAL members managed to buy small livestock which are goats, chickens and pigs valued at \$1611 while goats and pigs constituted 29% and poultry 8%. Most indicated that they had bought at least a goat. Some of the respondent cited that they had owned a goat only after they had joined ISALS. Most of the respondents cited that most of the livestock they had acquired had produced off- springs twice or thrice. One respondent cited

*During cashing out I was given five chickens that have breed more than fifty chickens at the moment. I am selling some of the chickens to meet pressing needs like paying school fees since I am a widow. (Interview)*

Most of the ISAL members in Nemangwe 5 Ward 9 and Ngomeni Ward 5 were able to get at least a goat at the end of cycles. Below are some of the acquisitions which include goats,



household utensils and cattle the ISAL member exhibited during a graduation ceremony after completing a cycle.



**Figure 21 ISAL members during Graduation Ceremony at Svisvi (Photo by Caritas)**

It was noted that 14% of the members were using the money they were getting from ISALS to invest in farming or engaging in Income and Generating Activities (IGAs). A total of \$7902 had been invested in farming and agricultural inputs. The average investment per group was \$ 232.41 for the 34 groups who indicated that they had used the money from ISALS to purchase agricultural inputs. The ISAL groups in Ndhlalambi Ward 32 had invested more in agricultural than those in Ngomeni and Nemangwe, thus Ndhlalambi accounted for 69.62% of the money that had invested in agricultural inputs , while Ngomeni

,28.38% and Nemangwe only 2%. Most of the respondents in Nemangwe indicated that they were going to get inputs from contract farming from organizations like Cottoco, Grafax and Teraphin.

Food and groceries comprised 2% of cash out utilization which meant that ISALS were supplementing dietary and nutrition needs of members. Members were using the cash out to ensure food security for the household. Groceries comprised of rice, cooking oil, sugar and washing soap were bought in bulk. Items like washing soaps and body lotions were bought at cash out to improve the sanitation and hygiene of households. This is quite important considering that Gokwe South was one of the areas that were hard hit by Cholera in 2008. These grocery items seemed to be common among ISAL members. The total amount that was used to buy groceries amounted to \$41.

Kyaw (2009) observed that providing the poor with ways to have adequate food is a way of migrating poverty. Thus ensuring the availability of food security reduces the negative impacts of poverty. The Office of Higher Commissioner for Human Rights (2012) observes that, under nutrition handicaps people for life: brain cells do not develop, their growth is stunted and diseases become rife, and it limits their potential and it generally condemns the hungry to a marginal existence. Hunger affects performance at school. ISALS were improving lives through improving saving and microenterprises and household incomes. More savings and income means better access to food in households. This also means better performance for pupils and better lives will likely be realized.

2% of groups had bought cattle at the end of their cycle. The value of the cattle and donkeys was around \$1 500. Considering that most of the members of ISALS are farmers, acquisition

of cattle and donkeys is a remarkable achievement in increasing yields and acreage. Apart from there is nutritional value which is added by the by products of cattle such as milk. Some members had purchased scotch carts which will ease travelling on foot to business or health centers. A male respondent highlighted that it was now easy for his family to go to fetch water since it was 2.5 kms from their homestead. In addition those who had bought cattle and donkeys could easy move their produce like cotton and maize to selling points.



Figure 22: ISAL members during Graduation Ceremony at Svisvi (Photo by Caritas)

1% of the cash outs were used in seeking health services. Ill-health causes and contributes to poverty by destroying livelihoods, reducing worker productivity, lowering educational achievement and limiting opportunities (UNHCR 2012). Illness can lead to worsening of poverty. The UNHCR sees good health as a way of achieving development, in addition the

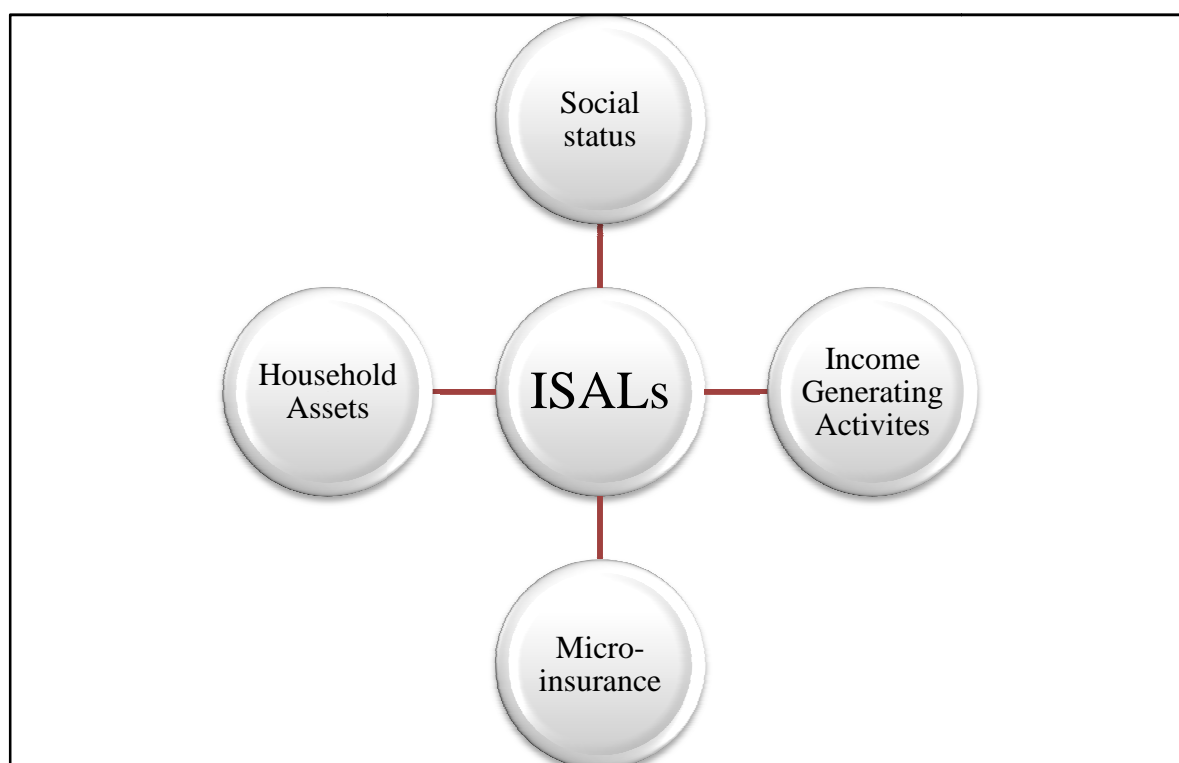
organizations sees the poor as vulnerable to sickness. (UNHCR 2012) Good health invariably secures other rights such as education and work.

Dwelling units of ISAL members range from 1 to 11 with the average dwelling units being 4. It emerged from the interviews that no changes have been made in terms of improving or increasing the dwelling units. The majority having dwelling units which are constructed using thatching, unburnt bricks with mud and rammed earth.

#### **4.5 Benefits of ISALS and Impact**

The diagram below can summarize the benefits of ISALS. It was evident that ISALS were enhancing social status, creating employment through financing IGAs, providing micro-insurance through the social fund and increasing household assets.

## Benefits of ISALS



**Figure 23 :Benefits of ISALS**

### 4.5.0 Employment Creation

The positive impact for ISALS in Gokwe is that it has created employment for those who engage in them. The ‘CBTs’ which were formally trained by Concern have created employment for themselves through ISALS. Beulah Shona indicated that she was fending for herself using the money she got from trainings she conducted. As indicated earlier she was charging a dollar for each session which amounts to five dollars for each individual trained. She has trained twenty seven CBTs of her own work for her in Kwekwe District who charges \$6 of which she gets \$5 and the agent gets a dollar. A dollar is charged for every monitoring that is done. This is an indication that ISALS are not providing employment for beneficiaries

only but also the trainers. ISALS have been turned by PSPs into entrepreneurship endeavors. PSPs like Beulah have set *ad hoc* companies that monitor and train ISALS on her behalf. According to FIM (2013) Beulah managed to earn US\$12 460 from the trainings she conducted and she managed to train a total 2492 people. This year she has conducted 50 trainings and has earned US\$3000. At the time of the interview she cited she had been called to motivate women in Gokwe North because of her distinguished role she has played in training ISALS.

It should be noted that the ISAL trainings by PSPs have proliferated to neighboring districts such as Kwekwe and Gokwe North. The demand for training by communities has given PSP relevance and income though Concern has exited.

#### **4.5.1 Non Financial Benefits of ISALS**

ISALS are offering positive non –financial benefits to members. Group members are united with a common goal to develop their lives. During subscriptions meetings various issues are discussed, information on life issues is shared. There is a culture of saving, financial discipline and prioritization is getting prominence among members. Micro –insurance has decreased vulnerability. Lastly ISALS created sense of ownership which gives the funding methodology sustainability.

##### ***4.5.1.0 Mutual Support***

According to Vanmeenen (2010) self selection of groups provides an opportunity for members to share a common goal and to improve their daily lives through creating strong social cohesion and a sense of belonging, which often empowers members to take charge of

their lives and become actors of change in their communities. Mutual support and encouragement among members characterized ISAL groups. A respondent who is a member of a support group which are engaged in ISALS cited that

*During our monthly meetings we discuss issues that affect our lives like HIV, Domestic Violence and share solution to personal problems. We share information on how to live positively. It is also during the meetings we share ways on maximizing profit and new business ventures.*

Beulah Shona in an interview cited that there was a group of school going children she had trained that was buying school uniforms, books and had managed to have buy their goats. The group was selling vegetables during weekends as their IGA. The compositions of a homogeneous group with common problems breed mutual support among members.

#### ***4.5.1.1 Saving Culture***

Harrod Domar's model of economic growth argues that investment and saving where essential growth for any nation. According Harrod Domar if there is high saving in any state, this would create funds for firms to borrow and invest. Investments would then lead to an increase in capital stock which would culminate in growth through the increase in production of goods and services ([www.romeconomics.com/harrod-domar-model-explained](http://www.romeconomics.com/harrod-domar-model-explained)). At micro level savings and investment can ensure food security and poverty reduction. As mentioned earlier the research observed that poor families who were in ISALS where able to save and invest in either assets like livestock and in income and generating activities.

ISALS were providing members who were very poor with an opportunity to save their money. This came out during interviews where some groups where contributing monthly

subscriptions as little as dollar. Groups have been able to save as little as \$8 to \$640 as part as social fund. .

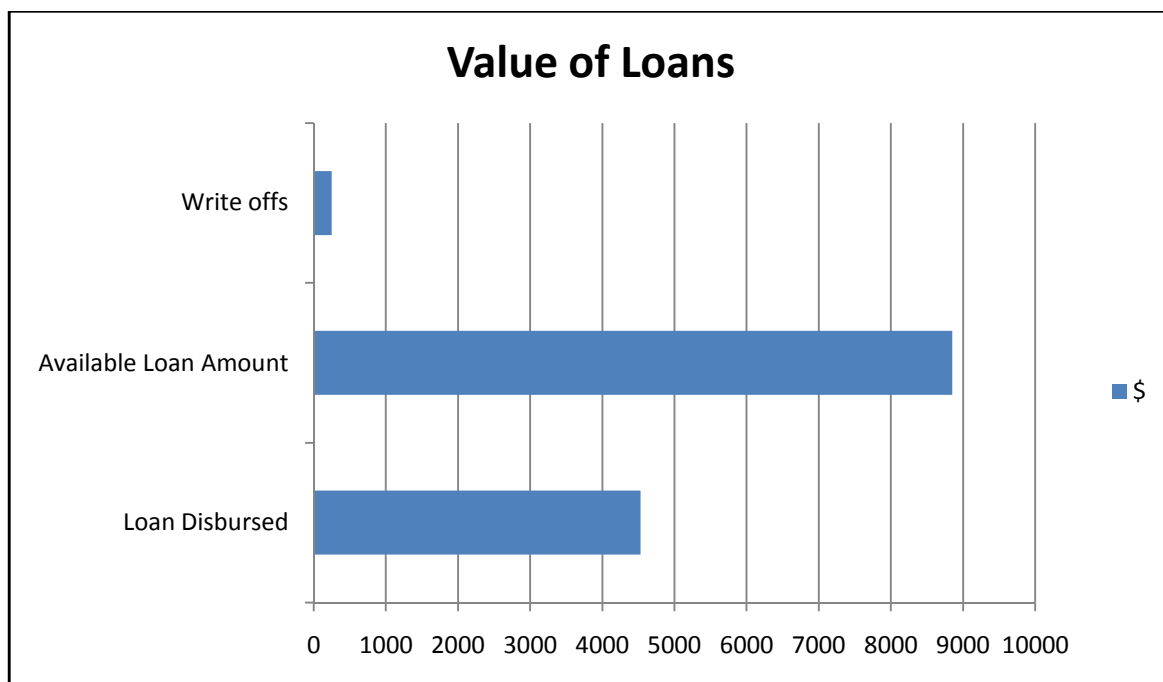
#### ***4.5.1.2 Financial Discipline***

Financial discipline characterized most groups that were doing ISALS. Members were not borrowing loans because of the availability of the money. 44.9 % of the groups had loan amounts which were not borrowed. The members indicated that borrowing is done when there is a need to. One respondent remarked that

*Our loan fund can go for weeks without anyone borrowing if there is no lucrative venture at that moment. We only borrow when the season approaches or when there is great demand in our businesses. I cannot afford the humiliation of defaulting*

This financial discipline might explain why defaulting and write offs were minimum among members. One reason for loan defaulting is failure to manage loan. The percentage of write – offs or defaulters were insignificant an indication there was strong financial discipline among ISAL groups. 1.85 % was the rate of loan defaulting and a total of \$248 was lost. Most ISAL groups had constitutions which are meant to show the course of action in case of defaulting. Self –selection has been an important determinant factor in minimizing loan defaulters. Fear of humiliation by peers for failing a loan has led many ISAL members to plan before taking a loan.





**Figure 24 : Value of loans**

#### **4.5.1.3 Micro-insurance**

The social fund is providing insurance for ISAL members. It has created a safety net against unexpected eventualities such as illness, injury and death. Most of the members, judging from their income, could not afford to have policies with formal insurance companies, which makes them vulnerable. Chambers, as quoted in Damas and Rhyan (2004), cited that 'Vulnerability thus had two sides: an external side which is defenseless, meaning a lack of means to cope without damaging loss. Loss can take many forms: becoming or being physically weaker, economically impoverished, and socially dependent, humiliated or psychologically harmed.' It was in this case that ISALS, through its social fund, was giving cover to its members. 70 groups out of 107 had a social fund that they were operating, thus 41.18%. The social fund reduces the vulnerability of members through collective contributions. Damas and Rhyan (2004) assert that the poor are more vulnerable than any other group to health hazards, economic downturns, natural catastrophes, and even man-made violence. In such scenarios, communities end

up losing their livestock to cover emergency expenses hence impoverishing them more. Instead of communities losing their animals and assets due emergencies the social fund could be used to avoid such loses.

Some informants highlighted there were using the proceeds of their income and generation activities to cope with emergencies. One indicated that she was going to use savings from her business to cope with an emergency. None of the informants indicated that there were dependent on someone in such cases. It is in this case that promotion of the social fund as a step towards removing dependency syndrome.

#### ***4.5.1.4 Social Status***

ISAL members have better community status. Chairpersons of ISAL groups are invited to some of the ward development meetings as an indication they are stakeholders in the community.<sup>1</sup> Having attended a National AIDS Council meeting at Gawa, during introductions session at the meeting, the researcher observed that ISAL groups were regarded as stakeholders that had been invited. One ward development Officers indicated that chairpersons of ISALS were usually invited to attend community meetings to discuss development.

The researcher attended a District field day that was organized by Small Holder Farmers Association which is composed of various ISAL members which was founded by Jekwa (former CBT) and other PSPs, which is aimed at supporting farmers through various

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<sup>1</sup> Event was held in Gawa on 27 August 2014

initiatives like contract farming and ISALS.<sup>2</sup> The PSPs were able to invite councilors from Zhombe, Binga and Gokwe North and even the MP to their ceremony. This is an indication that ISALS had really transformed the lives of these people. Throughout the event women in ISALS would sing songs and dramatise how Jekwa and Shona had taught them ISALS and how they were supplying them with chickens to breed through their pass on programme. Most songs indicated that their poverty had ended due to the ISAL intervention. *Bambanani ISAL group* from Nyaje sang a song of how they were able to buy goats, cows and how there was more love in their household because of ISALS.



**Figure 25 Hon Mhangami attends an ISAL function organized by PSPs at Bomba**

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<sup>2</sup> The event was held on 15 October 2014 at Bomba Business Center.

#### ***4.5.1.5 Ownership and Sustainability***

ISALS Groups indicated that they were proud to own and control the functions of their *small banks* (ISAL funds). The members had more say in terms of decision making on matters that affected their funds. They could change interest rates at any given as long as they reached consensus. This is privilege ISAL members had which contrasts with formal funding institutions where account holders have little control and say in terms of borrowing.

ISALS programme is paradigm shift from a blue print approach or top – down approach to development. According to Iqtidar Ali Shah and Neeta Baporikar (2012) the top down approach to development planning is characterized by the government directing the entire process of formulating, implementing policies and the people have a passive position in the process and rarely consulted. Bond (2012) defines it as an approach which is based on the concepts of rationality and reductionism. Cristóvão and Koehnen et al. (2012) states that blue print is a conventional approach based on a number of key assumptions and principles there are clearly defined and generally accepted objectives; there is a detailed and precise knowledge of the process to be implemented in order to reach the objectives; there is the political will to use the available power and resources; and there is a predetermined timetable and well-known resources The blue model is rigid and is not suitable for the complex and diverse environments. UN Conference on Environment and Development (1992) Principle number 22 cited that in order for states to achieve sustainable development there was need to in enhance local people’s active participation. Active and informed participation of poor people is singled as one of the strategies in mitigating poverty. Jennings defines participation as the involvement by local population in the creation, content and conduct of a program

recognition and use of local capacities and avoids the imposition of priorities from the outside ([www.pdf.usaid.gov/pdf\\_docs/Pnacq066.pdf](http://www.pdf.usaid.gov/pdf_docs/Pnacq066.pdf)).

Muzale goes further to argue that poverty is more than a physiological phenomenon denoting a lack of basic necessities like food , health and clothing , but it is state of deprivation and powerlessness, were the poor are exploited and denied participation in decision making in matters that intimately affect them ([www.solidaritypeacetrust.org](http://www.solidaritypeacetrust.org)). ISALS promotes ownership by allowing members to make decisions, which include coming up with the duration of their cycles, the amounts they need to subscribe and the interest they want to charge themselves.

Chimhowu and Manjengwa (2012) have cited ISALS as a best exit strategy in the Protracted Relief Programme. This study seemed to be true for this study. The funding methodology had prospects of sustainability indeed considering a year after Concern Worldwide existed in Zimbabwe most groups are still functional. Jekwa one of the former CBT now PSP which had been trained by Concern cited he was still training more groups since the NGO halted its programmes in Zimbabwe. Ms Shona made the same claim that she had trained more groups since it has become her profession.

## **4.6 Unintended benefits of ISALS**

### ***4.6.0 Reduction of GBV***

Gender Based Violence seems to have been reduced by ISALS. According to Sitcha poverty is closely affected with gender based violence, thus there is rampant physical, emotional,

economic abuses in households where poverty is prevalence. Women who engaged themselves in productive activities like ISALS were not abused as those who were unproductive. One CBT remarked that:

*Murume wangu akazotanga kunditi madam awona mari yandakange ndauya nayo kumba ne kudzidzisa kwandaive ndaita vanhu ma ISALS. (My husband started calling me madam after started coming with income from the ISAL trainings.)*

## **4.7 Challenges**

### **4.7.1 Lack of Coordination**

There is lack of coordination and cooperation among organizations who are dealing with ISALS in Gokwe South. While the Ministry of Women Affairs, Gender and Coordination should be responsible to oversee coordination most organization are not forthcoming with their databases to the Ministry. The case of exit of Concern is a good example, the organization failed to leave records of groups they had trained to the Ministry. The District database which is currently there is laden with information gaps. A compilation of a database will make it easy to get current information. It will make it easy for any organization which wants to incorporate ISALS in their programming.

### **4.7.2 Reach and Depth**

From analyzing the household portfolios of many individuals are part of the ISALS it emerged that the programme was not reaching the poorest. Most of the respondents were however poor, but they had at least a source of income which they could spare to pay as

subscriptions to their groups. Out of 103 who were interviewed only three were illiterate meaning that its target are those who are literate. By targeting the literate the programme excludes the illiterate. The basic trend in Zimbabwe is that most of the illiterate people are very poor since they have limited financial opportunities like better paying jobs. Better programming is needed to include ways of incorporating the illiterate into the programme since they are part of the vulnerable.

The programme is failing to reach the poorest. This conclusion stemmed from analysing the household economic portfolios of the ISAL members. Most of the ISALS members were poor though they had some valuable assets prior joining ISALS. The reason why the poorest were not involved was that they had no adequate income to subscribe in ISALS. In addition while it has become an entrepreneurial venture for the PSP however the amount that is needed for training and monitoring is far from the reach of the poorest. Henceforth external funding is needed to get the poorest to start ISALS.

#### **4.7.3 Slow Growth of Funds**

There is generally slow growth of funds for ISAL members and closely linked to this is insufficient funds. Most groups lamented that sometimes there is inadequate money to meet their needs. Funds within groups grow at a very small rate according to the member's contribution. Linkages with formal banks and microfinance are necessary to facilitate rapid growth as in the case of India.

#### **4.7.4 Unpredictable economy environment**

The unpredictable economic environment poses a challenge to functioning of ISALS. Most of the IGAs which are run by ISAL members are vulnerable to any economic downturn. The spiral affects of an economic meltdown has serious repercussions such as an increase of defaulters. During the interview some groups cited that their business was low and they had borrowed to salvage their businesses. Some had taken loans after their business had deteriorated and they had used the ISAL funds to bolster their businesses.

#### **4.7.5 Untimely Disbursement of Loans**

For groups that had large loan portfolio they could afford to give loans easily and timely on business needs basis. About 33% of the loans were taken on business need basis and they were given timely. However some groups had a fixed loan roster to determine who gets the loan first. However this method disadvantaged someone who wanted a loan urgently while it was not his or her turn. Despite ISALS offering easy access to money than microfinance institutions and formal banks which goes through a process of loan appraisal which usually takes time while an applicant waits for the approval. The process in ISALS groups was democratic and participatory decision making was an underlining principle.

67 % of the members indicated that loan funds are not readily available to meet their business needs. One informant retorted that:



*The money is lend on rotation basis, sometimes a turn might not coincide with an opportunity. This limitation results in loss of business opportunities and money. In addition money is never adequate to meet the demand.*

The only way to ensure that money is readily available as mentioned before is fostering linkages between ISALS and microfinance.

#### **4.7.6 No external linkages**

There are no external credit linkages like in the case of Self Help Groups in India, where the government support them financial. According Pratham Bank (2012) the bank which operates in the districts Moradabad, J. P. Nagar, Sambhal & Rampur, had promoted 30375 SHGs for some 315495 members. In addition it had 24187 credit linked SHGs and had distributed Rs 121 Crore. Will external funds have strings attached their importance cannot be undermined. External funds at responsible and at poor sensitive rates may lead to rapid growth of funds. The unavailability of linkages makes ISALS weak since cash remains small. Most groups complained that they had limited funds. The hard hit were groups that had seasonal income they struggled to pay subscriptions during off seasons and some resorted to temporary closure.

#### **4.7.7 Gender Relations**

Though this was not a major concern a group indicated that gender relations were affecting some ISAL groups. Permission to attend meetings was sanctioned by their husbands. In some cases some women would be denied permission to attend meetings. Most informants

indicated that there not household head hence key decisions lied in the hands of the head which in most instances were the husbands.

## **5.0 Conclusion**

There is an increase in poverty reduction through IGAs and employment that had been created through ISALS. The funding methodology was making it easy for members to meet their household needs, business needs and lastly there were able to use their cash outs or end of cycle funds to acquire assets and small livestock. There were also non financial benefits such unity among group members, financial disciplined, programme ownership. The major drawback of ISALS was the chronic shortage of ISAL funds. However the poorest remained outside the programme and there is need to address this issue taking into cognizant the transformation of lives the funding methodology was doing.

## **Chapter 5: Conclusion and Recommendations**

### **Socio –Economic Status of ISALS members**

- Most ISALS were being run by females and there was limited male participation.
- Most people within 30-49 age range were engaged in ISALS and the majority was married.
- ISALS were benefiting those who were semi literate and most of the participants had at least attended primary education. The highest education level for most members was having attended secondary school.
- The most common reasons for joining ISALS were to have financial access to start IGAs and sustain existing projects.
- Dropouts were largely attributed to business failure and relocation
- 89.42% was the retention rate of ISALS.
- Evaluating the House Economic Portfolios of most participants it was evident that the poorest were not participating in the programme though most of the participants were poor.

### **Benefits:**

- The impact of ISALS on poverty was greatly influenced by the economic conduciveness of an area. The research concluded that ISALS had positive impact on poverty reduction as far as the eco-geographic area was saturated with viable business opportunities and ventures. The more the area had viable economic activities the more members could enjoy the rewards of ISALS.
- ISALS were creating employment for PSPs and ISAL members. PSPs were surviving or supplementing their income by selling training. ISALS have become an

entrepreneurial venture. ISALS members were increasing their income through income and generations activities that had been established through ISAL funds.

- Respondents cited that there were able to meet household needs, school needs and businesses needs from ISAL funds
- There was an increase in asset acquisition like kitchen utensils , scotch carts , generators and radios.
- Groups were using end of cycle funds to purchase assets like household utensils and livestock like goats, pigs and chickens. Some of the groups were able to purchase cows and donkeys.
- ISALS were impacting on poverty by creating mutual support and unity of purpose against poverty through encouraging a saving culture , encouraging financial discipline and providing micro-insurance
- Micro- insurance was giving members social protection against selling valuable assets in a case of emergencies.
- There was enhanced social status among ISAL members. PSPs like Jekwa and Shona were highly regarded in society and were able to invite the local MP to some of their functions. Dramas and poetry were used to idolize their role in development by some of the members they trained.
- There was ownership and sustainability that had been created by ISALS programme.
- In some cases ISALS were reducing GBV.

**Challenges:**

- ISALS funds were limited due to lack of external exchanges
- Gender relations were making negatively impacting on ISALS since some husbands were making it difficult for women to attend meetings.

## Recommendations

- Another gap which needs to be bridged is the work of Private Sector Partnership with key Ministries. The PSP needs to be monitored as quality control measure and they should at least report the progress of their trainings. A database of PSP needs to be compiled to regulate their operations and for easy identification.
- External Linkages with banks at responsible and poor sensitive rates as in case of India needs to be adopted. Government needs to play an important role in strengthening ISAL groups financially this would increase the impact of ISALS. As indicated the majority of the cash out can only afford to buy small assets, hence bolstering the ISALS through flexible lending can go a long way. In addition external funding will give the poorest start ups to engage in ISALS.
- Innovative literature to accommodate the illiterate needs to be considered. The programme is designed for the semi literate .Thought Zimbabwe has a high literacy rate for breadth and depth it is necessary.

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## **Interviews**

Sitsha B,(approximate age 28), 12 September 2014, Government Complex room 15, Gokwe South.

Telephone Interviews Ward Development Coordinators for Ngomeni, Nemangwe 5 ward 9 and Ndhlalambi 3 ward 32, 22 August 2014.

Telephone interview Caritas officer, 10 September , 2014

*Whatsapp* and telephone Hungwe ,former Gokwe South programme officer Concern, 21 September 2014.

Telephone and email interview Mark Harper, former Country Director Concern, 21 September 2014.

*Whatsapp* Mahohoma Program Advisor Gokwe South Concern, 21 September 2014

Shona B, ( approximate age 51) former CBT Concern, 9 October 2014, government Complex Room 15 Gokwe South

Telephone interview Jekwe , former CBT Concern , 9 October 2014

*Whatsapp* Phiri World Vision Office, 21 September 2014.

**Appendix 1:**

**QUESTIONNAIRE FOR ISAL MEMBERS (who have completed at least a cycle)**

**SECTION A: QUESTIONNAIRE IDENTIFICATION**

1.

<b>Date of Interview</b>	
<b>District</b>	
<b>Ward</b>	
<b>Village</b>	

**2. PERSONAL DETAILS**

<b>Name of Respondent</b>	
---------------------------	--

b)

	<b>Male</b>	<b>Female</b>
<b>SEX</b>		

c)

<b>Marital Status</b>	<b>Single</b>	<b>Married</b>	<b>Divorced</b>	<b>Widow/Widower</b>
<b>Tick</b>				

d)

<b>Age</b>	<i>(Tick were appropriate)</i>
15-24	
24-29	
30-49	
50 and up	

e)

Level of Education	(Tick were appropriate)
Primary	
Secondary	
Tertiary	
Never Attended School	

### 3. Household Information

	Yes	No
<b>Are you the Head of the Household ?</b>		

(If NO answer next question /if YES skip next question)

b) Relationship with head of Household?

c) Household size (Number of family members)

1 – 3	
4-6	
6-9	
More than 10	

d)

Children Currently in School	1	2	3	4	5	6	7	8	9	10
Primary										
Secondary										
Tertiary										

### 4. Income and Expenditure

a) What is your occupation?

b) Main source of Income?

c) Other Sources of Income:

1)	
2)	
3)	
4)	
5)	

**d) Amount earned per Year**

Below \$100	
\$300-\$500	
\$500-\$1000	
\$1000-1500	
\$1500-2000	
\$2000-more	

**e)**

<b>Expenditure</b>	<b>Amount</b>
Household consumption (groceries)	
Education	
Clothing	
Assets	
Investments	
Savings	
Health	
Agric inputs	

**f)**

<b>How often to you get money?</b>									
Daily		Weekly		Monthly		Yearly		Seasonally	

**5 Assets**

**a)**

<b>Type of Unit</b>	<i>(Tick where appropriate)</i>
Detached house	
Semi -detached house	
Flat	

**b)**

**Number of Dwelling Units /**



c)

Roof		Wall		Floor	
<b>Type of material used for construction of the roof.</b> <i>(Tick were appropriate)</i>		<b>Type of material used for construction of the wall</b> <i>(Tick were appropriate)</i>		<b>Type of material used for construction of the floor</b> <i>(Tick were appropriate)</i>	
Iron sheets		Burnt bricks with cement		Concrete	
Tiles		Cement blocks		Bricks	
Asbestors		Stone with cement		Cement screed	
Concrete		Un-burnt bricks with cement		Rammed earth	
Tins		Un-burnt Bricks with mud		Wood	
Thatching		Wood			
		Mud and Pole			
		<b>Other (Specify )</b> .....		<b>Others (Specify)</b> .....	

d) Fuel

Fuel/Power		Drinking Water		Distance from water source (Kms)		Time Taken To The Water Source
What fuel does this household mainly use for Lighting		What fuel does this household mainly use for cooking		What is the households main source of water for Drinking		Drinking water <input type="text"/>
						Nearest water <input type="text"/>
Electricity		Electricity		Tap/Piped water		
Paraffin		Firewood		Borehole		
Candles		Paraffin		Protected well		
Firewood		Charcoal		Open water source(unprotected well)		
Solar				River		
Batteries						
Generator						
Other specify		Other Specify		Other Specify		

.....	.....	.....
-------	-------	-------

e)

Does the Household Own		<i>(Tick were appropriate)</i>	
Transport		Communication	
Bicycle		Mobile phone	Generator
Car		Radio	Scotch Cart
Donkey		Television	Solar Panels
Cows			

f)

Draught power used for farming?		Own	Rented	Leased	Other
Cows					
Donkeys					
Man power					

*(Tick were appropriate)*

g) Number of Cattle and Donkeys owned by the household

--

h)

Livestocks owned by the household?		<i>(Tick were appropriate)</i>
Poultry (chickens , Ducks, Turkeys, Guinea Fowl) etc		
Goats		
Pigs		
Sheep		
Rabbits		
Fish		
<b>Other Specify :</b>		

**6) Diet**

a) Meals per day

	1	2	3	More
Number of Meals Per day ?				

b)

Regular Dish

Sadza		Chicken	
Rice		Beef	
Rapoko		Goat Meat	
Millet		Green vegetables	
Potatoes		Other Specify	
Sorghum			
Pasta			
Other Specify			

**7) Financial Details**

a)

<b>Do you have a Bank Account ?</b>	<b>Yes</b>	<b>No</b>

b)

<b>Type of Bank Account</b>	
Savings	
Current	
Fixed	
Cooperate	

c)

Where do you get your Loans ?

Bank	
MFI	
ROSCAS	
ISALS	
NONE	

**8) ISAL DETAILS**

a) What are the reasons you have for joining ISALS

.....

.....

.....

.....  
.....

b) How long have you been an ISAL Member

c) How many cycles have you completed

d) What are the changes you observed since you joined ISALS

.....  
.....  
.....  
.....  
.....

e) Are there any assets you have bought using money from the ISALS (and Give Asset Value)

- 1) \_\_\_\_\_ \$
- 2) \_\_\_\_\_ \$
- 3) \_\_\_\_\_ \$
- 4) \_\_\_\_\_ \$
- 5) \_\_\_\_\_ \$

**f) How do you spend the loans you get from ISALS**

.....  
.....  
.....  
.....  
.....

**g) How did you spend the money you get at the end of the cycle?**

.....  
.....  
.....

.....  
.....

**h) Where do you get funds to deal with Emergencies?**

.....  
.....  
.....  
.....  
.....

**i) How does the community view members of ISALS?**

.....  
.....  
.....  
.....  
.....

**j) Has your status in the Community Changed since you joined ISALS?**

.....  
.....  
.....  
.....  
.....

**k) What are the challenges you have encountered because of ISALS?**

.....  
.....  
.....  
.....  
.....

Appendix 2

**Cross Sectional Questionnaire of Impact Assessment (Group Questionnaire)**

Date of data collection

.....

<b>1. Name of group</b>	
2. Date of first training meeting	
3. Which organization trained you?	
4.Date Group started saving	
5.Members at start of cycle	
6.Active members at time of interview	
7. Active men at time of interview	
8.Active women at time of interview	
9.No of members attending meeting	
10. Dropouts since start of cycle & Reasons	
11.Value of savings this cycle	
12 Loan interest charged	
13.No.of loans outstanding	
14.Value of loans outstanding	
15.Write-off since start of cycle	
16. Total loan fund	
17.Cash in other funds	
18 Monthly subscriptions	
19.Property at start of cycle	
20.Property now	
21.Debts of the Group	
22.Value of loans	
23.Value of ISAL savings used to purchase Agri-inputs at time of visit e .g	
24.Linkage to external savings e.g banks	
25.Linkage to external credit e.g banks	
26 Challenges faced by the Group	

**Key Informant Interviews (MWAGCD/CARITAS ZIMBABWE/WORLD VISION)**

My name is Tapiwa M Gudza ,I am a student at the Midlands State University (MSU) doing Masters in Development Studies and I am carrying out of study on the impact of ISALS on poverty reduction in Gokwe South. The research is motivated by the need to understand whether ISALS provide avenues for the poor and the poorest to meet their basic needs. Your organization has been chosen for the interview since you are implementing an ISAL programme. It is important to note that your participation in the interview is voluntary and that ethical considerations will be observed. I thank you in advance for your participation.

**Date of Interview** .....

**Name of Informant:** \_\_\_\_\_

**Position :** \_\_\_\_\_

**Organisation:** \_\_\_\_\_

**Sex:** \_\_\_\_\_

**Questions**

- 1) What are ISALS
- 2) Why did you chose ISALS
- 3) May you give an overview of the operation of ISAL as you implement them.
- 4) What is the eligibility criteria of people who want to join ISALS
- 5) What do you think are the reasons for people to join ISAL
- 6) How many groups have you helped establish in the last 5 years?
- 7) What do you want to achieve with programme?
- 8) What has been the response of communities to ISALS
- 9) What were the states of affairs before the programme intervention?
- 10) Through the course of the programme what have you observed
- 11) What services do you offer to ISALS members?

12) What are the benefits of ISALS per se on the poor you have noticed during your programming.

13) What have been the challenges of implementing ISALS?

14) How do you ensure sustainability of ISALS

**NB: Follow up questions maybe asked for clarification purposes.**



## Appendix 4

### Key Informant Interview: (PSPs)

I am a student at the MSU and I am carrying out a study on the impact of ISALS on poverty reduction in Gokwe South. The research is motivated by the need to understand whether ISALS provide avenues for the poor and the poorest to meet their basic needs. You have been chosen for the interview since you are an expert in ISALS. It is important to note that your participation in the interview is voluntary and that ethical considerations will be observed. I thank you in advance for your participation.

**Date of Interview** .....

**Name of Informant:** \_\_\_\_\_

**Position:** \_\_\_\_\_

**Organisation:** \_\_\_\_\_

**Sex:** \_\_\_\_\_

### Questions

- 1) What are ISALS /VSL and how do they operate?
- 2) Who trained to train ISALS ?
- 3) What is the eligibility criteria of people who want to join ISALS?
- 4) What do you think are the reasons for people to join ISAL?
- 5) What do you want to achieve with the programme?
- 6) What has been the response of communities to ISALS?
- 7) What were the states of affairs before the programme intervention?
- 8) What do you think are some of the services which need to be made for ISALS members?
- 9) What are the benefits of ISALS per se on the poor
- 10) What do you think is the impact of ISALS on poverty reduction?
- 11) How has ISALS impacted your life/

12) What are some of the challenges you observed in implementation of ISALS in Zimbabwe?

13) How sustainable are ISALS and what mechanisms do you recommend in ensuring their sustainability?

**NB: Follow up questions maybe asked for clarification purposes. THANK YOU**

## Appendix 5

### Electronic Key Informant Interviews (Erstwhile Programme Manager Concern Gokwe South)

I am a student at the MSU and I am carrying out a study on the impact of ISALS on poverty reduction in Gokwe South. The research is motivated by the need to understand whether ISALS provide avenues for the poor and the poorest to meet their basic needs. You have been chosen for the interview since you are an expert in ISALS as well as the former **Programme Manager Concern Gokwe South**. It is important to note that your participation in the interview is voluntary and that ethical considerations will be observed. I thank you in advance for your participation.

**Date of Interview** .....

**Name of Informant:** \_\_\_\_\_

**Position :** \_\_\_\_\_

**Organisation:** \_\_\_\_\_

**Sex:** \_\_\_\_\_

**Place of Interview:** \_\_\_\_\_

- 1) May you give a background of the ISAL programme during the operation of Concern in Zimbabwe (Gokwe South).
- 2) How did you implement the ISALS
- 3) What was the status quo prior the implementation of the programme?
- 4) How many groups did you help establish?
- 5) What do you think you achieved with the ISAL programme?
- 6) What was the response of the communities to ISALS
- 7) What are the benefits of ISALS per se on the poor you have noticed during your programming.
- 8) What were some of the lessons learned from the ISAL programme?

9) What have been the challenges of implementing ISALS?

10) How did you ensure the continuity of ISALS?

THANK YOU

## Appendix 6

### Electronic Key Informant Interviews (Erstwhile Concern Country Director)

I am a student at the MSU and I am carrying out a study on the impact of ISALS on poverty reduction in Gokwe South. The research is motivated by the need to understand whether ISALS provide avenues for the poor and the poorest to meet their basic needs. You have been chosen for the interview since you are an expert in ISALS as well as the former Country Director of Concern worldwide. It is important to note that your participation in the interview is voluntary and that ethical considerations will be observed. I thank you in advance for your participation.

**Date of Interview** .....

**Name of Informant:** \_\_\_\_\_

**Position :** \_\_\_\_\_

**Organisation:** \_\_\_\_\_

**Sex:** \_\_\_\_\_

**Place of Interview:** \_\_\_\_\_

#### Questions

- 1) May you give a background of the ISAL programme during the operation of Concern in Zimbabwe (Gokwe South).
- 2) How did you implement the ISALS
- 3) What was the status quo prior the implementation of the programme?
- 4) How many groups have you helped establish?
- 5) What do you think you achieved with the ISAL programme?
- 6) What has been the response of communities to ISALS
- 7) What were some of the lessons learned from the ISAL programme?
- 8) What are the benefits of ISALS per se on the poor you have noticed during your programming.
- 9) What have been the challenges of implementing ISALS?

10) How did you ensure the continuity of ISALS?

11) **NB: Follow up questions maybe asked for clarification purposes.**

THANK YOU