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Micro-Finance: The Implementation Experiences.

A case study of Village Bank program implementation in Chongwe
District Zambia.

Master's Thesis in International Social Welfare and Health Policy

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Dedication

I dedicate this thesis to my God the father who has seen me through this period. Indeed my Lord you are marvellous. Again, to my beloved husband Fredrick Lifumbo, It is for your love, sacrifice and efforts that I have made it to this level. My children Daniel, Joshua and Abigail for enduring the absence of mom in a home for two years, I love you all. To my father Mr Jolly Silungwe your love can not be compared to any one on earth.

Abstract

The purpose of this study was to explore experiences of village bank program implementation by the government of the Republic of Zambia. The study established that participants benefited from the program through increased smoothing consumptions, send their children to school, buy essential medication and improve their housing infrastructure, though these benefits were found to be temporal and short-lived as participants returned to the original status after being weaned from the program. The study also found that for some women the program brought more hurt through shame and shaming and other negative effects. Factors in the supply side (program activities) and demand side (response of program beneficiaries to program activities) that promote or inhibit the success of a program was also established during the study. For example, the study established that the targeting of women, group-based lending, and visits client's place of business were some of the factors that promoted the success of the program. While faulty group formation, inexperienced personnel, inadequate monitoring, and unsatisfactory record keeping, delayed loan disbursement, and standardizing financial products by the implementing organization hindered program success. While factors such as misapplication of loan funds, dropping out or defaulting and unwillingness to pay back the loan were some of the factors identified as being hindering program success from by beneficiaries of the program.

The study was guided and informed by the implementation and program theory. In order to establish the above information, the study used a qualitative research design. The study was conducted in Chongwe District about 5km away from the Capital City Lusaka. Chongwe is a peri-urban district. The study used purposive sampling to recruit participants to know about the operations of Village Bank program implemented by the government. Participants of the study were in three categories; government officials implementing the program (10), current participants of the programme (7) and former programme participants (2).

Data were mainly collected through semi-structured interviews, direct observation, and document review. Interview guides were developed for each category, interviews were conducted, audio-recorded, transcribed and analysed using thematic approach.

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To you all, I owe you much but can give you nothing. I simply treasure and love you.

LIST OF ACRONYMS

CSO	Central Statistical Office
SMEs	Small Medium Enterprises
GRZ	Government of the republic of Zambia
MCDSS	Ministry of Community Development and Social Services
MFI	Micro- Finance Institutions
NSD	Norwegian Centre for Research Data
PWAS	Public Welfare Assistance Scheme
UN	United Nations
ZDHS	Zambia Demographic Health Survey
ZLMS	Zambia Living Condition Monitoring Survey

List of figures

Figure 1. Geographical Map of Zambia showing its neighbouring countries

Figure 2 shows the map of Zambia showing the location of Chongwe District

Figure 3. Operation Procedure of the Village Bank program.

Figure 4. Village Bank Logic Frame work

Figure 4. Operational structure and key implementing actors

Table of contents

Dedication III

Abstract IV

Acknowledgements V

LIST OF ACRONYMS VI

Table of contents VIII

1 Chapter one: scope of the study 11

 1.1 Introduction 11

 1.2 Statement of the Problem 12

 1.3 Aim of the study 13

 1.4 Specific objectives 13

 1.5 Research Questions..... 13

 1.6 Significance of the study 14

 1.7 Motivation by the researcher 15

 1.8 Relevance of the study to the field of social welfare and health policy studies. 15

 1.9 Limitations of the study 16

 1.10 Definition of terms 17

 1.11 Study area and research context..... 18

 1.11.1 *Geographical Location and Demography of Zambia* 18

 1.11.2 *The social economic situation* 18

 1.11.3 *Description of study area* 20

 1.12 Summery 21

2 CHAPTER 2 Description of the program under study and context 22

 2.1 Introduction 22

 2.2 Circumstances surrounding the origin of Village Bank program in Zambia. 22

 2.2.1 Program Target / eligibility criteria..... 23

 2.3 Village bank program implementation in Chongwe district. 23

 2.4 Description of a program in a logical frame work..... 28

 2.5 Description of study organization..... 30

 2.6 Summery..... 34

3	Chapter 3 Literature review.....	35
3.1	Introduction.	35
3.2	Benefits of micro finance programs to beneficiaries.....	35
3.3	Negative effects of micro finance.....	37
3.4	Micro finance success factors.....	38
3.5	Summery.....	39
4	CHAPTER 4: THEORETICAL PERSPECTIVES.....	40
4.1	Social constructionism.....	40
4.2	Program and implementation theory	40
4.2.1	Success factors for a theory of change	41
4.2.2	The Micro finance Success Factors.....	42
4.3	Microfinance Models.....	43
4.3.1	Village Bank Model	43
4.3.2	Garmeen Bank (GB) Model	44
4.4	Summery.....	45
5	CHAPTER 5: RESEARCH METHODOLOGY.....	46
5.1	Research design	46
5.1.1	The Qualitative design	46
5.2	The Role of the Researcher	47
5.3	Study site and gaining access	47
5.4	Participants and Sampling	47
5.5	Data Collection	48
5.5.1	Interviews	48
5.5.2	Direct observation	48
5.5.3	Document Review	49
5.6	Data analysis.....	49
5.7	Ethical Considerations.....	50
5.8	Summery.....	51
6	Chapter 6: Presentation of findings	52
6.1	Introduction	52
6.2	Descriptive information of the participants	52
6.3	Benefits of village bank program in Chongwe District.....	53
6.4	Negative effect of Village bank program in Chongwe district.....	55

6.5	Factors in the Organization and programmatic factors promoting or inhibiting	60
	Program success.	60
6.5.1	Programmatic factors promoting success	60
6.5.2	Programmatic factors hindering success	63
6.6	Factors that promote or inhibit program success attributed to the users	68
6.6.1	Misapplication of loan funds by participants	69
6.6.2	Dropping out or defaulting	70
6.6.3	Unwillingness of some beneficiaries to pay back the loan	71
7	Chapter 7: Conclusions, Policy implications and Recommendations	72
7.1	Introduction	72
7.2	Conclusions	72
7.3	Policy implications	75
7.4	Recommendations	76
	APPENDICES	90
	APPENDIX A: Consent Form	91
	APPENDIX B: Norwegian Centre for Research Data (NSD) Ethics	92
	APPENDIX C: Interview guide	97
	APPENDIX D: Pictures from fieldwork: July – October 2017	102

1 Chapter one: scope of the study

1.1 Introduction

Microfinance programs and institution have become an increasingly important component of strategies to reduce poverty or promote women empowerment. However knowledge about benefits, negative effects and success factors of such initiatives remain only partial and contested.

This study examined the implementation process of Village Bank program a micro finance program by the department of community development in Chongwe district Zambia. More specifically the study focused on how the program Staffs roll out program activities and how participants of the program respond to these activities. The study explored the interaction between program activities and users of the program. Village Banking is one of the strategy adopted by the government of the republic of Zambia to alleviate poverty among women in both urban and rural areas. Village Banking is an example of a microfinance model, which started in Bangladesh and was motivated as a response to the exclusion of poor and marginal groups by conventional financial institution (Asian Development Bank Institute, 2005) and the massive exploitation of very low-income groups or households by local moneylenders (Duflo, 2011). In the recent past, conventional financial institutions were reluctant to lend to poor because of their inability to provide collateral. Adding to this the complexities and high costs involved in dealing with large numbers of small, often illiterate, borrowers. People living in poverty have often relied on local moneylenders who typically demand high interest rates combined with many social threats (Duflo, 2011). For example, in Zambia local moneylenders ask for a 100% interest within a month. If one borrows, 1000 kwacha (\$100) at any date of the months is expected to pay back 2000 kwacha (\$200) at the end of the same month. This level of interest is far above profit made by most businesses/lenders in the formal economy. Most of those who have gone into this kind of borrowing have failed to come out/escape from borrowing, instead continue paying interest while the debt continues to grow. Beyond high interest rates, borrowers face a multiple of threats, ranging from threats of witchcraft to physical harm.

The Government of the Republic of Zambia through the Ministry of Community Development and Social Services in the Department of Community Development found the concept of

village Bank in addressing challenges relating to the promotion of women entrepreneurship and ultimately economic empowerment of women relevant.

This thesis explored Village Bank program implementation by the government of the republic of Zambia. This was to establish benefits and negative effects of the program to beneficiaries and conditions under which the program is most likely to succeed were examined. The study identified factors in the programme activities and the participants' response to these activities, and how these activities inhibit or promote the success of Village Bank program at the local level. In particular, the researcher focused on how users and staff account for the social processes and meanings in the implementation of the program by the government.

The thesis is organised into seven chapters. Chapter 1 presents the scope of the study. This chapter explains the reasons for addressing the topic and defines the scope of thesis. Chapter 2 discusses the description of the program under study. A brief description of village bank program design and implementation is discussed in this chapter. Chapter 3 presents reviews of relevant literature. Chapter 4 presents the theoretical perspectives used in this study. Chapter 5 describes the methodology used in this research with particular focus on research design, study site and gaining access, participants, recruitment of participants, data collection, ethical considerations and data analysis. Chapter 6 presents the main findings, discussions and the analysis of the research findings. Chapter 7 presents conclusions, policy implications and recommendations based on the research findings.

1.2 Statement of the Problem

After the pilot project the programme was rolled out to other parts of the country with an assumption that, the pilot project recorded significant successes. The government argued that in the pilot project, as a result of program implementation participants were able to; expand their businesses, meet school requirements for their children and build iron-roofed houses. . But, despite the government expanding the program to other parts of the country the status of women does not seem to have improved. It is for this reason that this study was undertaken, to establish whether or not the benefits claimed by government are real. If not where is the problem? Is it in the program activities or in the response of the users to program activities?

After three (3) years of program implementation, there is need to make an in depth objective analysis of Village Bank program with a view to unearthing the potential sources of weaknesses and strength in meeting its objectives. An in-depth analysis of both institutional design and implementation factors that affect the achievement of program objectives is necessary.

1.3 Aim of the study

The overall aim of the study was to explore experiences of Village Bank program implementation by the government agency in Zambia

1.4 Specific objectives

The following were the specific objectives of the study

1. To establish the benefits or successes of Village bank program in Chongwe district.
2. To establish negative effects of Village bank program in Chongwe district.
3. To examine the factors in the program design and program activities that promote or inhibit the program from achieving its program objectives.
4. To identify factors in the user side or demand side that promote or inhibit the success of the programme.

1.5 Research Questions

1. From the point of view of program staff, participants and former participants, to what extent have women benefited from the implementation of village bank in Chongwe district?
2. What are the negative effects of village bank program in Chongwe district?
3. What factors in the program design and program activities (supply side) promote or prevent the achievement of program objectives.
4. What factors in the user side (program beneficiaries) promote or inhibit the success of the program.

1.6 Significance of the study

This study is significant for researchers, policy makers and community development practitioners involved in the implementation of microfinance services to the poor especially women. Since no similar research has been conducted in Zambia prior to this study, this study provides a new set of data for those who wish to divulge this topic further in the future. Another significant feature of this study for the researcher is the qualitative method I have employed. Using qualitative data creates a new perspective for the field because those whose work is affected by the rules and regulations that are required of them are given the chance to speak out about their experiences. This study is not only significant from an empirical perspective, but it is also significant for the practice of micro finance programs on the poor. Community development workers in Zambia have an opportunity to gain a better understanding of success factors in micro finance programs, and in turn, develop the means necessary to effectively manage village bank program. In addition, discussing challenges in the implementation process of village bank program will help improve conditions in the work experiences of field workers. Overall, practitioners in the department of Community Development can use this study as a means to develop better ways of managing their practices and program beneficiaries. Finally, this research is significant for policymakers. It brings awareness to the conditions or factors that need to be improved if village bank program is to achieve its intended outcomes. The program theory perspective creates a unique opportunity for policymakers to learn how certain factors in the program design promote or inhibit program success. In addition, Zambian policymakers and practitioners are given an opportunity to understand success factors of micro finance in countries around the world like Bangladesh and India where micro finance has recorded success. Besides this, the lessons from this research would be helpful to the policy makers to come up with more appropriate village banking policy guidelines

This study will add value to the already existing literature on village banking in two ways. First, it will provide a theoretical framework to explain the factors that promote or inhibit the successful implementation of village bank programs. The theoretical representation in the study will demonstrate the need for certain prevailing conditions for the success of village banking program. This will align the study in tandem with the empirical reality as will be evidenced in the empirical part of this research. Secondly, the study makes an empirical contribution by applying new insights into the measurement of the concepts of effectiveness and sustainability on village banking initiative. Therefore, this means that the findings of this research could be used as a learning experience on the operations of village banking and possibly the knowledge

could be used to improve the effectiveness of village banking demands, and needs of citizens in various communities implementing this strategy.

1.7 Motivation by the researcher

My motivation for conducting this research is based on my work experience as a community development worker for the past twenty-one years. I am currently working for the Ministry of Community Development and Social Welfare, Department of Community Development as a Senior Community development officer. I have worked for the ministry in different capacities up to my current position. First as a field officer at community level, second as a training officer at a staff training college in the same ministry and now at the provincial office as a senior community Development officer. My job purpose is to develop and co-ordinate the implementation of women's development programmes in order to facilitate the socio-economic empowerment of women. The main duties are to Monitor and evaluate periodically the implementation of women's development programmes in order to provide appropriate intervention measures. Having understanding in factors that promote or hinder program success gives me a better chance to successfully perform my duties as a supervisor.

This study will help provide information regarding how best to implement village bank program and the degree needed to produce program outcomes. As argued by (Allen, 2017), Implementation research helps researchers more accurately describe program components and their associated degree of program integrity. This allows for accurate interpretation of the relationship of the program and observed outcomes as argued by (Durlak, 1998). This means that when implementation data is collected, it allows researchers to more accurately determine the components of the program responsible for observed changes. (Chen, 1998) adds that assessing implementation increases the quality of evaluation findings because it provides insights into how programs work and why they succeed or fail, rather than just focusing on outcomes. Additionally, when researchers can accurately describe both program processes and outcomes, which they can if implementation data is gathered, it makes it easier to identify and disseminate information about programs that work (Domitrovich, 2000).

1.8 Relevance of the study to the field of social welfare and health policy studies.

It should be noted that at this point that objectives of social welfare and health policies are achieved through program implementation process. Implementation studies help policy

analysts and social service workers often directly involved with the implementation of state-administered initiatives. “The study of implementation analysis emerged and grew as a social science field of inquiry in the period after the War on Poverty” (McDonald et al, 2013 p 1). The earlier studies on implementation being used in policy studies provided conceptual frameworks that could be adapted to social policy to better understand how antipoverty programs worked and explore explanations for variations in program effectiveness (Allison 1971, p 338) quoted in (McDonald et al, 2013). The earliest social policy implementation studies helped to refine concepts of implementation and distinguish among the stages of policy implementation (Pressman and Wildavsky, 1973) quoted in (McDonald et al, 2013).

Working in a variety of capacities within and outside of implementing agencies, social service workers play key roles in shaping how services are ultimately delivered (Copeland and Wexler 1995). These occupational vantage points afford social service workers and policy analysts unique opportunities to be both producers and consumers of implementation information. Social service workers can contribute to this body of research by sharing their experiences with and insights into the implementation process. Implementation studies offer social service workers and policy analysts, whether employed as an agency bureaucrat or as line staff, an information base for advocacy and policy change. Developing an understanding of implementation as a process entailing multiple decision points subject to leverage will allow social service workers and policy analysts to exert their influence more actively and effectively (Copeland and Wexler 1995). The study provided the researcher an opportunity to apply knowledge acquired in various courses in the field of social welfare and health policy.

1.9 Limitations of the study

The major limitations encountered were language barrier since most women beneficiaries do not speak English. It was difficult to conduct interviews with the women beneficiaries due to their low level of education; some respondents were also highly sceptical to divulge their individual opinions about the operations of the program as they thought such an action is a form of audit. In order to overcome the foresaid limitations, the following measures were done; In terms of respondents' low levels of education, the researcher interpreted the questions in the Local Language; the sceptic of respondents to divulge their opinions on the program was dealt by sensitisation with group leaders and field officers. The study was also limited to one district

because of lack of resources and time to cover the whole part of the country where the government is implementing Village Bank program.

1.10 Definition of terms

Program implementation

Program implementation consists of the actions taken to transform a program's conceptual design into programmatic efforts capable of achieving identified outcomes given a particular set of participants and staff within a specific organizational climate and community (Ellen 2017). The development and implementation of a Program occur within the macro-environment and are thus subject to political, economic, and cultural influences at state and national levels, which influence the ability of a program to achieve its goals (Ellen 2017). . According to (Hughes, 1994) "the most likely point of failure of a program is not weaknesses in the conceptual design but failures in implementation" This study examined the implementation of village bank program as implemented by the government of the republic of Zambia.

Micro- Finance

Microfinance is a common concept used in development vocabulary currently. Though the concept is made out of two words: micro and finance literally meaning small credit; the concept goes beyond the mere provision of small credits to poor people. Microfinance refers to multi financial services provided to poor people in response to market and commercial approaches (Christen 1997). This definition seems to suggest that financial services such as savings, money transfers, payments, remittances, and insurance, among others are included in the definition. Drawing from the definition one can conclude that microfinance is not limited to the NGO MFIs, it could also include cooperatives, savings association, clubs and some welfare associations. Ledgerwood 1998 argues that microfinance is widely known as a provision of financial services such as credit, saving,

Village banking

A Village Bank is a community-based credit and savings associations (Sarabu 2016). It is an appropriate policy intervention tool, which extends financial services to rural areas that otherwise, would be more expensive and unprofitable to open branches of a traditional banking

institution. It typically consists of 25 to 50 low-income individuals who are seeking to improve their lives through self-employment activities (Sarabu 2016).

1.11 Study area and research context

1.11.1 Geographical Location and Demography of Zambia

Zambia is a land locked country located in the southern part of Africa. It is bordering Zimbabwe, Botswana and Namibia to the south, Tanzania and the Democratic Republic of Congo to the North, Angola to the west and Malawi and Mozambique to the east

Figure 1. Geographical Map of Zambia showing its neighbouring countries



Source: google maps.

Zambia has a huge geographical spread, covering an area of 753,000 square kilometres. Its population is estimated at 12 million people of which 51% are female, and an abundance of natural and environmental resources. These include a large tract of arable land.

1.11.2 The social economic situation

During the first decade of Zambia's independence (1964-1974), the country enjoyed a relatively high standard of living and economic prosperity from a booming economy. A small

national population also facilitated the situation. The economic indicators for Zambia in 1964 showed Gross National Product (GNP) per capita of over US \$500; less than 5% inflation; favorable employment conditions; and low levels of malnutrition, under-nutrition, persistent hunger and attendant diseases. However, since 1975 the living condition of Zambians have generally deteriorated so much that most of the gains which were achieved in income distribution and social indicators during the 1964-1974 period have been reversed. The decline in economic productivity, output and investment between 1974 and 1997 made Zambia's per capita national income and all its social indicators to fall dramatically. By 2000, Zambia's GNP per capita had been reduced from US \$500 in 1964 to US \$370. (HRD, 2003).

The current economic and social situation came with the introduction of structural adjustment programs in the early 90s. These were designed to introduce the market- based and private sector driven economy in place of state dominated economic system, which was prevailing prior to 1991. The major cities are characterised by thriving African markets boutiques where mostly goods from South Africa, China, and India are sold. Well to do women are flying to South east Asia and South Africa to buy goods for reselling with a profit while poor women in many of the compounds and much of the rural areas can hardly feed their children because of poverty.

From these observations, one can see how differently the economic restructuring process affected and continue to affect people. For some people the process opened new opportunities for others it means increasing poverty. In spite of its vast potential, Zambia is a small, open economy highly dependent on extractive industry or mineral production and export.

Zambia's main economic sectors include agriculture, mining, tourism, and manufacturing. Economic activity in the country is however dominated by the mining sector which for years has accounted for an estimated two thirds of total exports, and also continues to significantly influence the growth of the economy.

Agriculture constitutes an important sector of the economy, accounting for over 85% of both formal and informal employment. Despite being a major part of the Zambian population, the small – scale farmers of which most are women and unfortunately currently among the poorest members of society. This goes to underscore the fact that although agriculture is generally a significant part of total economic activity in Zambia the rewards are very low.

The study examined how the social economic situation of Zambia may promote or hinder the success of village bank program.

1.11.3 Description of study area

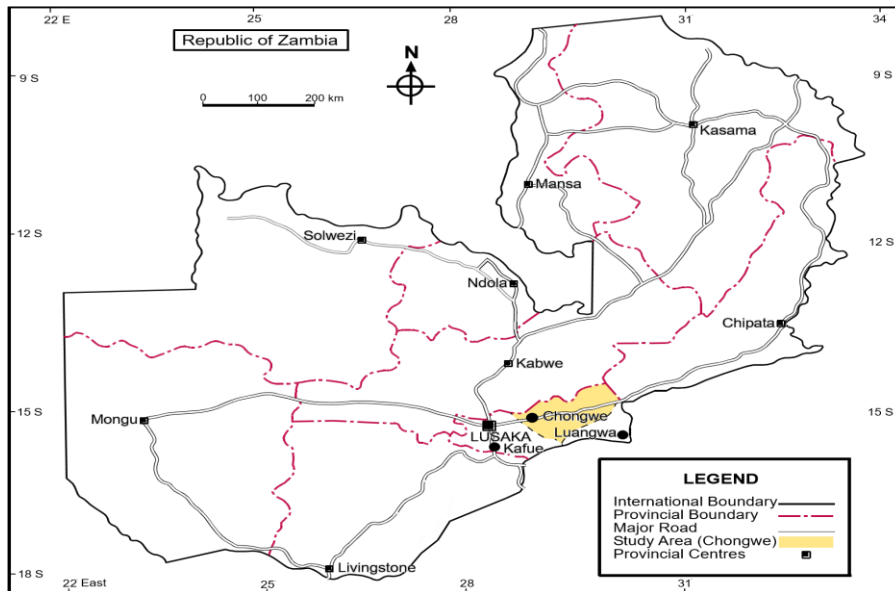
The study was conducted in Chongwe District located in Lusaka province of Zambia, 45 kilometres east of Lusaka city (CDC, 2007). According to Central statistical office preliminary report, the district has a total population of 187,969 of which 26,341 reside in Chongwe urban and surrounding villages. Of the total population, 93,934 are males and 94,035 are females. The average annual growth rate for the district is 3.2. (CSO, 2010)

Administratively, Chongwe district is divided into two areas; Council Area and Traditional Area. Council area is made up of a township and surrounding farms, and falls under the jurisdiction of the local authority while the traditional area is made up of villages, and falls under the jurisdiction of the chiefs (customary law). Politically, the district is one constituency sub-divided into nine wards.

Agriculture is the main economic activity of the District and the major activities include crop production, horticultural production and livestock production. Over 75 percent of household incomes in the district are derived from agriculture related activities, either as own production or sale of agriculture produce and by-products (CDC, 2006; 2007). Major crops include maize, cotton, groundnuts and sunflower. Apart from agriculture, the district has the potential in other economic activities such as mining and tourism

Below is the map of Zambia showing the location of Chongwe district. In terms of public infrastructure, the district has a hospital and health posts in various sub- centres, a police station, sixty basic schools and four high schools.

Figure 2 Map of Zambia showing the location of Chongwe District.



1.12 Summery

This chapter presented the scope of the study. The chapter looked at the background to the study by describing the statement of the problem, aim and objectives of the study, research questions, significant of the study, motivation by the researcher, relevance of the study to the field of social welfare and health policy studies and limitation of the study. The chapter also highlights the key concepts in the study and study area and research context.

2 CHAPTER 2 Description of the program under study and context

2.1 Introduction

This chapter discusses a general overview of village bank program design and implementation by the government of the republic of Zambia. First, the chapter discusses circumstances surrounding the origin of the program and its maturity. The objectives of the program, its coverage and scale (in financial terms), its stakeholders, and the range of activities supported. Expected outcomes and impacts affecting program participants and the logical framework will be presented in this chapter with references to the relevant program policy documents. Finally, descriptions of the organizational arrangements established for the implementation of village bank program will also be discussed in this chapter.

2.2 Circumstances surrounding the origin of Village Bank program in Zambia.

The program under study is called women village bank (micro credit to women) (Republic of Zambia). The overall objective of the program is to empower women economically by providing them with soft loans in order to facilitate their engagement in livelihood activities, while the specific objectives are to promote women entrepreneurship skills and increase wealth creation among beneficiary's households. The Government of the Republic of Zambia through the Ministry of Community Development and Social Services in the Department of Community Development found the concept of village Bank in addressing challenges relating to the promotion of women entrepreneurship and ultimately economic empowerment of women relevant. In this regard, the Department in June 2006 initiated the 'Village Bank 'project in three districts of Eastern Province namely Katete, Mambwe and Chama (now in Muchinga province) with funding from the United Nations Development Programme (Republic of Zambia). During the pilot phase, it was assumed that the project recorded a number of benefits that included participants expanding businesses after gaining business skills, catering for school requirements of their children, building iron roofed houses and others managed to buy livestock and pay for their farming inputs. In August 2014, the program scaled up to other provinces in the country. Currently the program is in fifty- three districts out of the total number of 102 districts in Zambia. The total number of **5,200** women are benefiting from collateral free loans to enable them engage in various business ventures. This study focused on Chongwe district.

2.2.1 Program Target / eligibility criteria

This Program mainly targets the poor and vulnerable women living in peri-urban and rural areas. They should be vulnerable but viable women engaged in viable entrepreneurship activities. The rationale behind is the high poverty levels evidenced in female-headed households and the belief that women are effective providers of household needs and thus need to be empowered. An individual woman will be eligible for additional loan for a maximum period of one (1) year, which is two (2) cycles only. One would only benefit for a third and fourth cycle after approval by the Village Bank Committee and these are usually exceptional cases.

2.3 Village bank program implementation in Chongwe district.

Program implementation consists of the actions taken to transform a program's conceptual design into programmatic efforts capable of achieving identified outcomes given a particular set of participants and staff within a specific organizational climate and community (Ellen, 2017).

Chongwe district has a total number of five sub centres that includes Palabana, Lwimba, Chinkuli, Chongwe central and Chalimbana. The study covered three (3) Sub- centres where the project had been implemented. These are Palabana, Lwimba and Chongwe Central sub-centres. Eighty –five (85) women benefited from the total amount of eighty-one thousand four hundred seventy five kwacha as seed money.

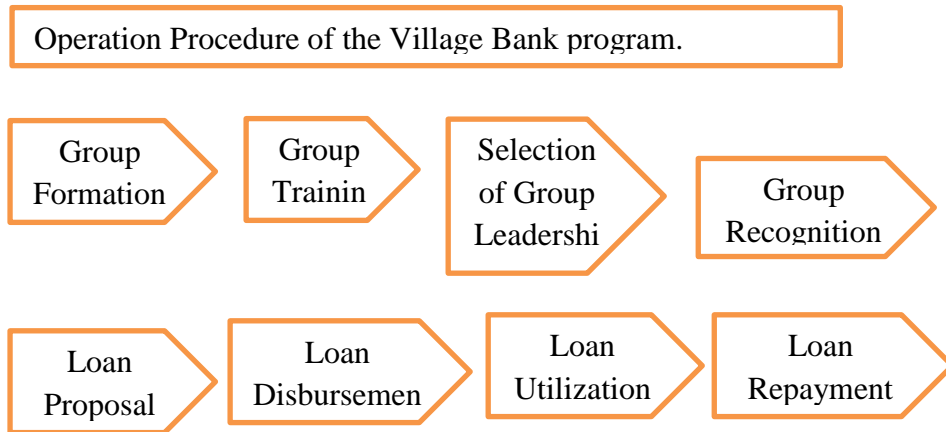
The table below shows a breakdown of the total number of beneficiaries and the total amount of money spent per sub - centre.

Table 1 Total number of beneficiaries and amount received per sub-centre

Area	Number of Beneficiaries	Total Amount (K)	(\$)
Palabana sub centre	25	21,500	2,150
Chongwe CBD area	30	29,500	2,950
Lwimba sub centre	30	30,000	3.000
Total	85	81,000	81,000

The figure below indicate the operation procedure of village bank program implementation.

Figure 3



Source: Village bank operational manual 2014

Group formation

In recent years, many development organisations have used group lending to deliver credit to poor individuals. (Karlan 2007). Group lending purports to pass off the screening, monitoring and enforcement of the loans to the peers (Banerjee et al. 1994. Furthermore, group loans help formal lenders overcome the prohibitively high fixed cost of delivering small loans (Karlan 2007). Village bank programme uses group-lending schemes to elicit peer pressure and social morals.

In-group lending beneficiaries are asked to form groups with peers with a common wish to access financial services. In this case, a loan is given to a group, whose members are jointly responsible for repayment. Peer pressure is a substitute for collateral. In using this approach, the programme transfers the complexity of screening and monitoring to its beneficiaries. Group formation is key in group-lending approach. Self-selection is important in order to build trust in each other among group members. In Chongwe district not all groups applied self-selection, this is because some women did not manage to find the peers to make a team.

Village bank program in Chongwe is composed of three centres and each centre is divided into groups of five women making a total number of 17 groups. Although all women were expected to form their own groups it was not the case in Chongwe district.

Table 2: The table below indicate group composition in the district.

	Name of centre	Number of groups	Total number of women
	Chongwe Central	6	30
	Palabana	5	25
	Lwimba A	3	15
	Lwimba B	3	15
	Total	17	85

Loan proposal and approval

Upon being recognized, the group members completes the necessary loan proposal forms and submit to the Credit Officer who recommends the loan proposal to the District Credit Officer. The District Credit Officer with the committee in turn sanction the loan.

Loan Disbursement

According to the program, register obtained from the provincial office Chongwe district distributed the total number of eight five loans to eight five program beneficiaries. For more details, see table below.

The table below indicate how the loan were distributed among women beneficiaries in the first circle.

Table 3

No	Amount received in Zambian kwacha	United States dollar	Number of participants
1	K1000 (\$100)	(\$100)	77
2	K700 (\$70)	(\$70)	1
3	K600 (\$60)	(\$60)	3
4	K500 (\$50)	(\$50)	2
5	K300 (\$30)	(\$30)	2
Total	K 81,000	(\$8100)	85

As observed in the table above, the distribution of loans is more standard. Seventy seven out of eight one women received K1000 (\$100) which is 90% of the total number of women beneficiaries. All women interviewed reviewed that the amount of money they received is not what they requested.

Program performance / Loan repayment during the first circle.

Program performance involves the actual outcome, results, of the implementation process (Copeland and Wexler 1995). Assessment of program performance is concerned with who and how many clients or target groups were reached and the types and amount of program's resources they received (Hasenfeld, 1984; Palumbo & Calista, 1990) quoted in Copeland et al 1995. Chongwe district disbursed funds in the first cycle, on 29th August 2014 and the first circle ended on 27th February 2015. The circle in village bank program runs for the period of six months. Participants have an opportunity to be part of the program for two circles.

Loan repayment is expected to done within a period of six (6) months (25 weeks). A beneficiary who has successfully paid back is eligible for another loan after (six) months. In three years of program implementation, the district has only managed to disburse two circles because of poor repayment by some of the program beneficiaries. At the time of my field work the district was still running the second circle which is expected to end 20th January 2018 and my field work was from 1st July to 30th October.

As at the end of the first circle the total loan repayment was K80, 374 (\$8,037.4) which is 83% of the total loan, disbursed in the district. The total of un- paid loan was K16, 826 (\$1,682.6) signifying 17%. This is as was obtained from the official document during my fieldwork. Worth mentioning here is that all the three centres in the study showed different pattern of loan repayment. The table below indicate how the three sub-centres repaid their loans in the first circle of the program per centre. Palabana sub-centre was the highest in repayment followed by Lwimba and Chongwe central was the least.

The table below shows summarised village banking program statistics for the first cycle in Chongwe district

Table 4: program performance in the first circle

	Sub-centre	Money disbursed (K)	Expected loan repayments after 1 st cycle at 20% rate (K)	%	Actual loan repayments (K)	Unpaid loans (K)	%
1	Palabana sub centre	21,500 (\$2,150)	25,800 (\$2,580)	96%	24,792 (\$2,479.2)	1,008 (\$100.8)	4%
2	Chongwe central	29,500 (\$2,950)	35,400 (\$3,540)	75%	26,664 (\$2,664)	8,736 (\$873.6)	24%
3	Lwimba sub centre	30,000 (\$3,000)	36,000 (\$3,600)	80%	28,918 (\$2,891.8)	7,082 (\$708.2)	19.7%
	Total	81,000 (\$8,100)	96,400 (\$9,640)	83%	80,374 (\$8,037.4)	16,826(\$1,682.6)	17.4%

Further investigation showed that the first circle took more than six months in the two centres Chongwe central and Lwimba, this was due to late repayment of the loan by some beneficiaries. Some beneficiaries failed to pay back as shown in the table above.

Loan Utilization

According to my findings, all the program beneficiaries are running micro businesses. These are the simplest form of income generation ventures like trading at the local market, trading at home and street vending. Activities include selling second hand clothes, hair salons, selling fruits and vegetables others are into local beer brewing, cooking food for sale and gardening.

The owner has complete control and is responsible for any debt incurred and has unlimited liability for the business. Since these microbusiness units are non-legal entities, most often people might not separate the money for their microbusiness and money for personal use. Most often, money meant for business would be used for other purposes resulting into de-capitalization and business failure. This happened in Chongwe district as more this will be discussed in chapter six.

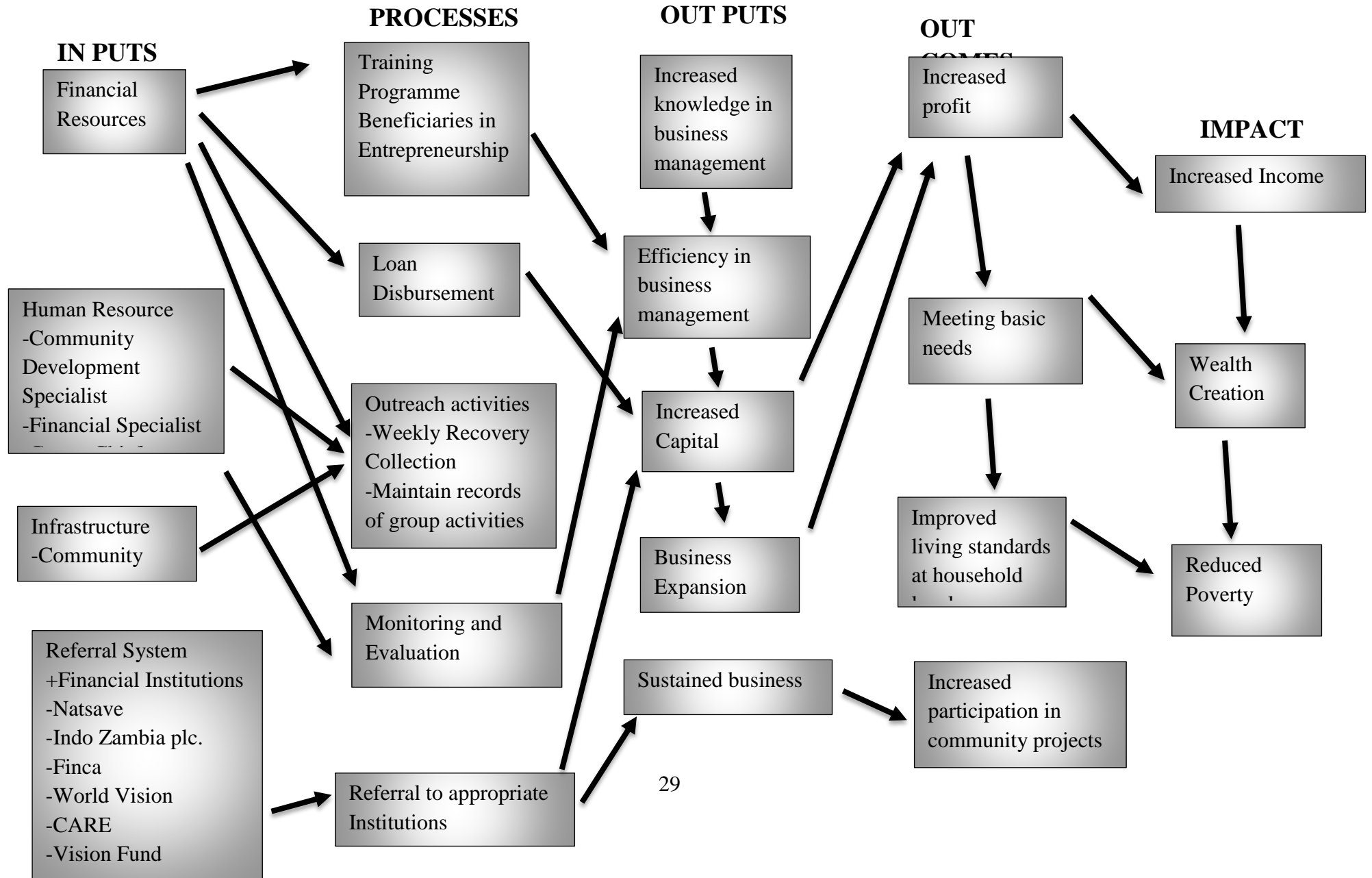
2.4 Description of a program in a logical frame work

The study is informed by program theory.

“A program theory usually includes program inputs, such as resources and organizational auspices; program activities which represent the manner in which the program is implemented; interim outcomes that is the chain of responses the activities elicit, which are expected to lead on to desired end results” (Weiss, 1998 p 62).

A theory of change is usually presented both graphically and as a narrative. The diagram below is a logic frame work for village bank program explaining how the various planned activities relate to the broader long term goals.

VILLAGE BANKING LOGIC MODEL



The logical model above was produced by the researcher.

The study used this model to see if it was valid, appropriate, relevant and accurate. This was also to determine whether change actually occurred in the ways intervention proponents expected and if they are other factors which promote or hinder achievement of expected outcomes.

2.5 Description of study organization

The Government of the republic of Zambia through the ministry of Community Development and Social Services is the implementing institution for village bank program. The ministry has a mandate to alleviate sufferings of the poor and to empower the vulnerable, it's mission is to provide and facilitate access to social support services, create opportunities for social and economic empowerment to vulnerable people in the country especially women (Republic of Zambia 2003).

Political climate

The organization is key in providing and facilitating the provision of equitable social protection to communities in order to contribute to sustainable human development. Social protection consists of interventions and policies targeted to the less privileged and vulnerable groups. This contributes to poverty reduction and improved quality of life of citizens in order to foster national development. The ministry consist of two departments implementing welfare programs that is department of Social welfare and department of Community Development.

Through the Department of social welfare, the ministry coordinates the implementation of National Social welfare policy - 2006, National Ageing Policy - 2015, National Disability Policy – 2014 and National Social Protection Policy – 2014. The main programs are Public welfare assistance scheme and social cash transfers. While through the Department of Community Development, the ministry coordinates the implementation of the National Policy on Community Development 2003 and National Social Protection policy 2014 throughout the country. This study is more interested in the department implementing village bank program, the department of community development.

The core function of the department is to facilitate the empowerment of the vulnerable groups especially women in communities in order to reduce poverty levels.

Competing, parallel, or interdependent programs

Village bank program is among other social protection programs implemented by the ministry of Community Development and social services. Others are as follows;

Public Welfare Assistance Scheme (PWAS)

Public Welfare Assistance Scheme is a Government's social assistance program aimed at mitigating social economic shocks and other negative effects such as, poverty and the HIV and AIDS pandemic. Its main objective is to assist the most vulnerable in society to fulfil their basic needs particularly health, education, food and shelter.

Social cash transfer

The cash transfer scheme is an alternative to the in-kind assistance offered through PWAS and tries to respond to the growing number of household who have no or limited self-help potential due to the HIV/AIDS pandemic. These extremely poor and incapacitated Households cannot be reached by labour (for example Food Security Pack) or micro credit programs and therefore need regular and continuous social assistance to survive and invest in the education of their children.

Food Security Pack (FSP)

The Food Security Pack (FSP) is social safety net programme targeting vulnerable but viable small scale farming households. The program was initiated by government in November 2000 in order to assist farming households who had suffered the negative effects of reduced access to inputs and market due to economic liberalization and erosion of resource base due to recurrent droughts and floods.

Financing women's clubs and associations.

Under this activity, the government through the Ministry of Community Development provides funds to the Women's clubs for Income Generating. The program encourages women to form groups. However, taking into consideration the aspect of gender and development, men are also encouraged to join these women's clubs as long as the number of men does not exceed 40%. Men are not eligible to be elected to positions of chairpersons but could be elected as committee members. The idea of women's clubs is intended to empower women who are

considered to be more vulnerable in the communities. These programs mentioned above were examined to determine the extent they influence village bank program outcomes.

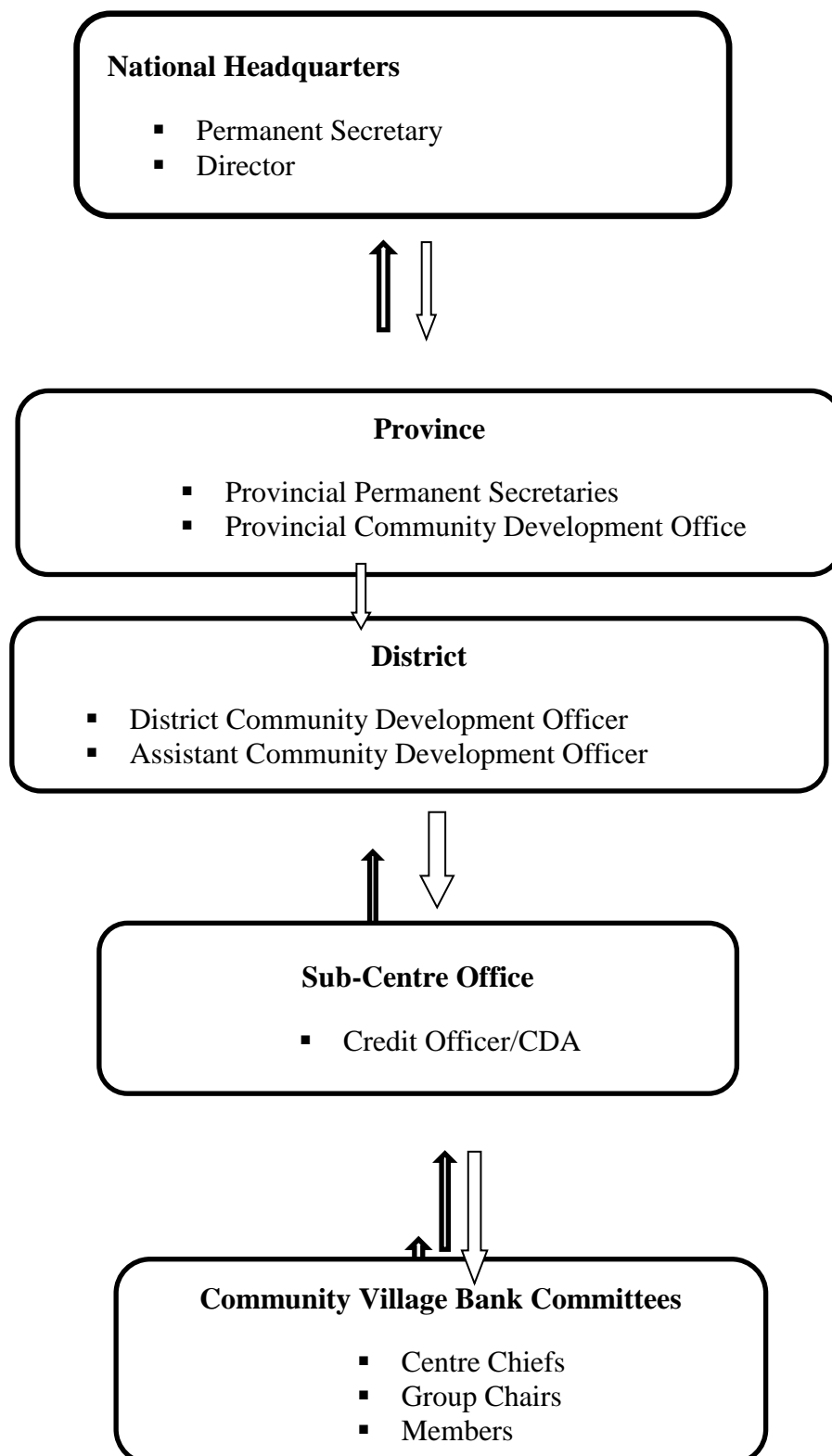
The two departments complements each other and in most cases clients that are graduated from social welfare department are linked to community development department for example a client who has been graduated from social cash transfer can be referred to village bank program or food security pack program under the department of community development.

Description of the organizational arrangements established for implementation of village

Bank program

Figure 4. Operational structure and key implementing actors

The chart below show the operational structure and reporting system for the Micro Credit to Women programme (Village Bank) See appendices xxx for the roles and responsibilities of



The study examined how institution environment determined the success of village bank program in terms of its political climate, organization structure and competing programs within the organization.

2.6 **Summery**

This chapter discussed a general overview of village bank program design and implementation by the government of the republic of Zambia through the ministry of community development and social services. The chapter discussed circumstances surrounding the origin of the program and its maturity, the objectives of the program, its coverage and scale, its stakeholders, and the range of activities supported. Expected outcomes and impacts affecting program participants and the logical framework is presented in this chapter. Descriptions of the organizational arrangements established for the implementation of Village Bank program have also been discussed in this chapter.

3 Chapter 3 Literature review

3.1 Introduction.

This chapter presents relevant studies in connection with the topic under study. The chapter discusses benefits of micro finance programs to the poor women, negative effects of micro finance programs and factors that may promote or hinder successful achievement of program out comes in micro finance programs.

3.2 Benefits of micro finance programs to beneficiaries

Grameen Bank is well known for successfully using micro finance as a means of making capital accessible to low income groups in Asia over the last three decades (Dyar, 2006). He began making tiny loans to impoverished small business owners in Bangladesh. In 2006, Muhammad Yunus, the bank's founder and "the father of microfinance," won the Nobel Peace Prize (Pickup, 2012). Microfinance programs are also well-known for their success in targeting the poorest of the poor – rural women. Under ideal circumstances, the receipt of microloans empowers these women to make personal decisions about how to invest their money, and ultimately better allocate resources to meet basic needs (Dyar, 2006). In general, micro- finance offers a variety of benefits to the beneficiaries. Microfinance initiatives can effectively address material poverty, the physical deprivation of goods, services, and the income to attain them. When properly guided, the material benefits of microfinancing can extend beyond the household into the community. At the personal level, microfinance can effectively address issues associated with "non-material poverty, which includes social and psychological effects that prevent people from realizing their potential (United Nations, 2015). (Faraizi, 2011) argues that the microcredit programme is seen as a panacea that should help to eradicate poverty and inequality. There is a fundamental linkage between microfinance and poverty eradication in that the latter depends on the poor gaining access to, and control over, economically productive resources, which includes financial resources. Proponents of microfinance claim that offering credit to poor communities would provide a source of additional income and employment as well as access to low interest loans, enabling poor communities to escape from the clutches of local moneylenders and loan sharks and their exorbitant interest rates (Banerjee, 2017). This means that availability of financial services to poor segments of the population could help them deal with vulnerabilities arising from poverty. (Vatta, 2003), argues that Credit promotes

capital investment and adoption of new technology, leading ultimately to better standards of life due to increased production and incomes.

One main goal of micro finance is to provide credit for monetary investment in entrepreneurial endeavours. Through increased access to credit and savings, micro finance seeks to increase the monetary wealth or income of households. The goal is to see a shift from expenditures on survival essentials to investments in social and human capital, such as health and education. Another main goal of village banking is to give borrowers direct participation in the poverty alleviation of their own community. Village banking seeks to reduce widespread features of poverty including malnutrition, poor health care, a lack of education, unsafe housing, and social instability. These features of poverty are considered social factors, in that they are not quantified in monetary terms. An analysis of the effectiveness of village banking on the alleviation of social factors of poverty is crucial to understanding the effectiveness of village banking as a whole.

Microfinance initiatives can play an effective role in addressing material poverty, the physical deprivation of goods, services, and the income to attain them. MFIs can help people 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.

Microfinance could also help build social capital and solidarity in impoverished communities because microfinance institutions promoted group lending and were willing to accept 'social solidarity' as collateral (Matin et al, 2002).

Microfinance is not a panacea for poverty and related development challenges, but rather an important tool in the mission of poverty eradication (Yunus, 2003, 171). Poverty is a multidimensional problem, embedded in a complex and interconnected political, economic, cultural, and ecological system. Owing to poverty's large scope and multiplicity of actors, there is no single guaranteed approach to its eradication. Within this system, solutions are as multifaceted as the causes. Such a systems' perspective is critical in creating an enabling environment for sustainable poverty eradication. Problems and solutions are not isolated phenomena, but occur within an interconnected system in which actors and actions have reciprocal consequences.

3.3 Negative effects of micro finance

Banerjee and Jackson challenged existing theory and research regarding the role and impact of microfinance, they argued that micro finance led to increasing levels of indebtedness among already impoverished communities and exacerbated economic, social and environmental vulnerabilities (Banerjee et al, 2017). Many other studies also reveal that microfinance/credit could not improve the conditions of the poor who do not have other sources of income. A recent report shows how vulnerability increases after being trapped into a never-ending cycle of indebtedness. In an attempt to escape this cycle, borrowers are even forced to sell their organs, facing preventable suffering if not premature death (Muhammad, 2015). The high growth rate of rural-urban migration and constant flow of women and men to fill the streets and slums of Dhaka in search of work and their destiny in death-trap factories and uncertain informal jobs, as well as foreign lands, show the failure of the much-acclaimed NGO/microfinance model (Muhammad, 2015).

According to (Muhammad, 2015), the model of the NGOs and the microfinance-based approach goes well with the neoliberal ideology and the dominant development paradigm that produces and reproduces poverty for many and affluence for the few, destroying nature and people's lives, in order to maximize corporate profit. He further argues that the rhetoric about "helping the poor" and a "peoples alternative" creates illusions about NGOs and microfinance. While serving global capital, that illusion weakens the politics and vision of a real alternative of people's sovereignty and emancipation (Muhammad, 2015).

A study in Bangladesh found that some families were using a microcredit loan from one organization to meet interest obligations from another. Officials working for the microcredit institutions often had their own wages based on repayment rates paid by lenders and sometimes used coercion to collect repayments on loans. In some situations, instead of gaining release from the poverty cycle, families were driven deeper into debt.

Therefore, different studies, taking into consideration all of these factors, conclude that the conditions of the rural poor do not differ much between borrowers of microcredit and non-borrowers (Muhammad, 2015). He further argues that Grameen Bank and other Microfinance Institutions (MFIs) have their own spectacular success stories, which is not found, in poverty alleviation but rather in corporate expansion and the establishment of a new form of financial industry. For example, Grameen Phone is now the largest mobile company in Bangladesh, with

a more than 62 percent share owned by Telenor, a Norwegian company. Grameen Telecom (another company closely linked with Grameen Bank) owns the rest of the shares (Muhammad, 2015). In the beginning, Grameen Phone started its operations through the Grameen microcredit network; loans were provided by Grameen Bank to get members into the Grameen Phone market.

According to Muhammad Grameen Danone Food and Grameen Veolia Water Ltd are other examples which were formed as joint initiatives with global companies and popularized in the name of the poor, but are not owned by Grameen's members. Grameen Veolia Water Ltd is an initiative devoted to working as part of a long-term strategy of water privatization. By now we know that the "Grameenized" private sector brings nothing different; we simply face a new rhetoric to hide corporate expansion in the veil of supporting the poor (Muhammad, 2015).

3.4 Micro finance success factors.

'Success in microfinance refers to measures which when adopted will significantly improve the life and operations of the institutions'' (Aveh et al, 2013). (Jain, 1996) quoted in (Aveh et al, 2013) is of the view that the success of Grameen Bank and MFIs in general lies in the adoption of such policies which he terms "strategic credit policies". As a means of measuring a micro finance institution success is defined as economic sustainability and institution viability (Aveh et al, 2013). According to (Aveh et al, 2013) the construct for success of the MFIs include client growth, effective and efficient loan processing, good record keeping, increased savings by clients, availability of proper internal and external auditing system, high staff enumeration and low staff labour turn over .

Literature has shown that the success of microfinance in Asian nations has been largely dependent on a variety of factors. Many different approaches to microfinance have been applied in developing economies throughout the world. Experienced microfinance practitioners agree that the successful delivery of financial services to the working poor requires the systematic application of best practices. A policy of rigorous adherence to best practices makes it easy for lenders to incorporate the successful strategies of other institutions and to avoid commonly made mistakes. (Chowdhury, 2009) identifies information technology and innovation, staff training, management and leadership and prudent risk management as critical to the success of micro finance programs. According to (Chowdhury 2009) he argues that the success of the MFI sector in Bangladesh has been greatly underpinned by a great

investment by pioneer MFI in production innovation and continuous redesigning of products in line with the target groups, which mainly is the poor section of society. He further argues that high competency standards on the part of its staff is critical to the success of micro finance institution. Adequate remuneration of staff managerial and non- managerial is critical for better results (Chowdhury 2009).

(Chan, 2010) identifies leadership experience and commitment as fundamental determinants of MFI success quoted in Proper screening of loan applicants to reduce default as a risk management measure is also critical to the success of micro finance. MFIs need to provide a range of tailored financial packages to the market so as to reach the entire target (Kimando and Kihoro, 2012) quoted in (Chowdhury 2009).

The changing nature of the microfinance market also has transformed understanding of what constitutes organizational success for MFIs. In addition to social objectives, such as poverty reduction, empowerment, and financial inclusion of the poor (social performance) (Ledgerwood, 2013), MFIs need to achieve good financial ratios (financial performance) to survive in increasingly competitive markets (Gutierrez et al, 2009). Thus, many MFIs follow a double-bottom line approach, though with some differences in their relative focus. Non-profit MFIs tend to put more weight on their social performance, whereas for-profit MFIs mainly concentrate on the achievement of clearly stated financial goals (Galema et al, 2012).

3.5 Summery

This chapter presented relevant studies in connection with implementation of micro finance programs. The chapter discussed benefits and negative effects of micro finance programs to the poor. Factors that may promote or hinder successful achievement of program out comes in micro finance have been discussed.

4 CHAPTER 4: THEORETICAL PERSPECTIVES

4.1 Social constructionism

Every research always brings certain beliefs and philosophical assumptions to the study. Social constructionism guided this study and informed the choice of theories. According to (Creswell, 2013) social constructionism is often described as interpretivism, He argues that in social constructionism, individuals seek understanding of the world in which they live and work, and develop subjective meanings of their experiences and meanings directed toward certain objects or things. These meanings are varied and multiple leading the researcher to look for the complexity of views rather than narrow the meaning into a few categories or ideas. This study relied as much as possible on the program staff and participants' views of the village-bank programme situation in the area taking into consideration their social and historical background. This is in line with (Creswell, 2013)'s view that historical and social norms that operate in individual's lives are because of interaction with others hence social construction. This theoretical framework is in line with this study because the study area involved the interaction of social actors, community development workers. Each actor is an independent social being with his or her own perception of the social world they live and work in. Thus, as the researcher's interaction with the respondents was well placed to elicit meaning and present a specific version of social reality, based on the lived experiences of respondents

4.2 Program and implementation theory

The study was informed by the program and implementation theory also collectively known as ToC (Theories of Change). Funnell defines program theory as an explicit theory or model of how an intervention such as a project, a program, a strategy, an initiative, or a policy, contributes to a chain of intermediate results and finally to the intended or observed outcomes (Funnell, 2011p xix). He further argues that a programme theory explains how an intervention (a project, a programme, a policy, a strategy) is understood to contribute to a chain of results that produce the intended or actual impacts. These are often referred to as logic models, as they show the overall logic of how the intervention is understood to work (Funnell, 2011). Program theory emphasizes participants' responses to the activities of the program, while implementation theory involves translating objectives of the program into service delivery and

operations (Weiss 1998). The idea is that if the program does what it is expected to do with sufficient quality, then the desired outcomes are achieved (Weiss 1998). As the study explored the village bank program design and implementation, the study analysed the step by step implementation theory in terms of targeting mechanisms, group formation, training, and disbursement of loans, conditions attached to loans, interest rate, savings and repayment procedures. The study sought the perception of respondents on these matters. Trying to find out the extent to which these aspects of the program design promote or hinder success of the program. The study also looked at the program theory; how do participants of village bank respond to program activities such as group formation or training. The understanding is that unless the implementation theory and program theory are in harmony will the program achieve favourable results. Based on (Weiss, 1998)'s argument that as much as outcomes of the program are important to motivate public spending on village banking in the area, its equally important to open the 'black box' to check on processes that led to the achievement of outcomes. The theory has informed the study in that apart from establishing whether or not participants of the program benefited, the study also looked at some points in the process of rolling out the program that led to the achievement of the program goals or not. Staff, participants and former participants of the program accounted their contribution in the success or failure of the program.

4.2.1 Success factors for a theory of change

Success factors are about what affects the achievement of the outcomes. To expect that various outcomes will be achieved, various assumptions about what will occur to facilitate their achievement and about the absence or management of factors that may impede achievement have to be made (Funnel 2011). It is helpful to identify these assumptions in a systematic way and incorporate them in a program theory. According to funnel factors affecting outcomes fall into two broad classes; program factors and non-program factors. Consideration can be made in relation to the program as a whole and to each outcome in the outcome's chain since different factors will have greater impact on some outcomes than others. For example, timing in distribution of loans is very important because some of the income generation activities women are engaged in are seasonal for example some women are into farming during the rainy season which means they can only put the loan productively during that period. Therefore we can assume that effectiveness of program delivery play a more important role in achieving higher

level outcomes with clients. This study is concerned with assumptions about program factors and how they affected program success.

Assumptions about program factors

Program factors are those that are largely within the control of or can be largely influenced by program funders, program management, and staff. A theory of action need to include testable assumptions about how well these various program factors will function (Funnell 2011). (Funnell 2011) observes that program theory approaches often provide descriptions of what the program does or purports to do rather than identifying the quality, value, or adequacy of what it does as key factors that underpin the theory about what is needed to make the program work. According to Funnell the inclusion of what of the assumptions of how well and to what extent it must be done to achieve results adds some valuable dimensions to the program theory (Funnell 2011).

There are a variety of underlying assumptions to the program theory that will enable the success of the program. Identifying the assumptions at each step of your program theory is a valuable way of ensuring that potential threats to the success of your program are taken into account (Funnell, 2011). Gathering evidence on whether the assumptions hold is very important because it can help you understand whether the logical chain of your program theory is correct. This information can be important in knowing *why* a program worked and whether a program would have a similar impact if replicated elsewhere or at a different point in time. In other words, you would severely lessen the relevance of your study for replication and scale-up of the program if you do not carefully consider the assumptions of your program theory and whether these assumptions actually hold true.

4.2.2 The Micro finance Success Factors

Success factors are factors that contribute to the sustainability and growth of microfinance businesses around the world. Some leading microfinance businesses like the Grameen Bank have been tested and proven overtime. It has withstood the test of time. Therefore, most microfinance businesses look up to the Grameen Bank as a role model of microfinance and to follow its success factors. The study conducted by Mamun in 2010 about the success factors of the Grameen Bank concluded that, the success factors of Grameen Bank (GB) included innovations such as design and implementation of policies like group-based lending, the

collateral free lending system, peer group monitoring system, and well-trained and dedicated staffs of GB. He further concluded that GB motivates its staffs and borrowers through providing a well-designed incentive system for staff, allocation and mobilization of resources and encouragement of the borrowers to be financially independent (Maumun, 2010).

Armendariz and Morduch (2004) found out that for MFIs to provide effective financial intermediation there should be a well-functioning regulatory framework in the host country. (Woller and Woodworth 2001) also concluded that governments must create a macroeconomic environment characterized by stable growth, low inflation, and fiscal discipline in order for MFIs to thrive

4.3 Microfinance Models

Microfinance institutions present themselves into models. Models are organisational structures that different micro financial institutions adopt (Siame 2004). The success or failure of a micro finance depends on the appropriateness of the organisation structure adopted to its clients. Some of the commonly used models are; Village Bank, Grameen Bank and co-op models. This study examined to what extent the village bank model adopted by the government of the republic of Zambia was applied to its fidelity.

4.3.1 Village Bank Model

Village banking as the most practiced community managed loan fund, was developed by the Foundation for International Community Assistance (FINCA) a U.S. based nonprofit organization that specializes in rural credit (Hollis, 19989). Programs using this methodology have been widely replicated in different parts of the world by other Non-Governmental Organizations (NGOs) and public institutions. Hollis further argues that this approach has been successful at reaching poor segments of the population in rural areas (Hollis, 19989).

A Village Bank is initially financed through loans provided by a lending institution. Over time, member savings, share capital and accumulated interest are expected to grow large enough so that no external funding will be necessary. In general, the objective is for each Village Bank to be administratively and financially autonomous by the end of three years, at maximum. According to (Waterfield, 1996) Village Bank members are required to save prior to receiving a loan and to continue saving during the loan cycle. The Bank is sustained

by the successful repayments of loans, regular savings and appropriate management styles. In this sense the bank creates a community based revolving fund. Indonesia is one famous example of a country that has experimented with village bank by providing rural communities an opportunity to access banking services through mobile operation. This means that, there are no physical infrastructure for bank in villages instead the bank moves from one place to another, following a particular schedule. The advantage is that it is not open in every village it operates in every business day all day. This study examined to what extent this model is being followed by the government agency implementing Village Bank.

4.3.2 Garmeen Bank (GB) Model

Garmeen Bank Model was established in the 1970s to provide microloans to rural, landless women in Bangladesh engaged in income-generating activities. The GB is a licensed bank and as such can present itself as part of the legally recognized network of financial institutions able to access the due processes of the law to protect depositors and its other members. This model has six key features as discussed below

Banking operations are built on 'peer group' procedures for client selection, risk management and loan repayment enforcement, based on small groups of not more than five members. These small groups meet regularly and take responsibility for collecting small amounts of money on a frequent schedule.

Loans are targeted at poor women from households that own no farmland or other significant assets.

The programme is 'minimalist', specializing in the delivery of small loans for short durations at a rate of interest that is above the inflation rate and the cost of capital. Client training, deposit and loan repayment collections and participant motivation work is 'externalized' onto groups and group leaders. Group formation and group activities are crucial to the GB model, but the cost of these is largely borne by the group members themselves.

All borrowers must make a commitment to a compulsory saving regime, which acts as a form of loan default insurance programme.

All potential clients must make a commitment to a set of 16 key 'decisions' that relate to acceptance of Grameen Bank principles of good citizenship, social goals and personal well-being (Gibbons, 1994).

4.4 **Summery**

This chapter discussed the theoretical framework which informed the study. Social constructionism guided this study and informed the choice of theories. The chapter discussed program and implementation theory also collectively known as ToC (Theories of Change) and how it influenced the study. Models of micro finance and how they influenced the study were also discussed.

5 CHAPTER 5: RESEARCH METHODOLOGY

5.1 Research design

Research methodology identifies research tools and provides a step by step description on how the tools will be used to answer the research questions. (Crotty, 1998 p 3) defines it as 'the strategy, plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcomes'. The choice of research tools and procedure to answer the research questions are mainly informed by the program and implementation theory, as pointed out by (Gray, 2004).

5.1.1 The Qualitative design

The study used a qualitative research design to allow the staff of village bank, participants and former participants of the programme to provide an in-depth account of how they perceived the operations of the programme. From the point of view of (Creswell 2009, 4), qualitative research provided me with means for exploring and understanding the meaning that participants of the study attach to the operations of village bank in their area. This research design allowed informants and participants to answer questions of an explorative nature such as why, what and how (Malterud 2008). The main purpose of choosing qualitative research was to create a picture of village bank in Chongwe through words and descriptions made by participants in study as argued (Creswell 1994). Participants in this study refers to staff of the programme and the primary beneficiaries (World Bank 2007). Qualitative research is also built on the assumption that reality is subjective, thereby allowing me to capture the context in which village bank operates in Chongwe District. As emphasised by interpretivists I spent time with participants of the study through semi structured interview to understand how the environment in Chongwe promote or inhibit the success of the programme. (Creswell 1994. Because of its emphasis on the natural environment, qualitative research is context bound, interpretive and inductive oriented (Creswell 1994) .This mutual relationship between context and inductiveness allowed informants, rather than I the researcher, to construct the meaning of village bank from their own perspective (Creswell 1994).

The meanings of village bank and how it is operated captured the social, cultural and political participants lived experience. This is to underscore the fact that, the uniqueness of individuals within a given social context needed to be addressed in order to gain a better understanding the

strength and weaknesses of village bank in Chongwe, Zambia. Hence, adopting a qualitative method in an effort to gain a more comprehensive understanding of the implementation of village bank by the government of the Republic of Zambia in the area in question.

5.2 The Role of the Researcher

As opposed to quantitative research, qualitative research entails a certain degree of researcher bias into the design, implementation, and review of the study (Creswell 1994). Throughout this process, I may not have been immune to the introduction of my own biases into this research project. Having worked for the department of community development for the past twenty-one years in women empowerment programs. There is no doubt that this experience have altered and shaped my view on program implementation in the Department of Community Development. As such, it is important to note that these biases may have caused me to make certain judgements during data collection and analysis.

5.3 Study site and gaining access

My study site was in rural Chongwe District. Chongwe District is one of the district in Zambia where the government is implementing village bank. The main reason for picking on Chongwe District among the many districts where the government is implementing village bank is its accessibility and close proximity to the capital city Lusaka. This undertaking ties well with (Payne and Williams 2011) who proposed that study site in qualitative research should be selected for its convenience of access. And that accessibility of the area should be given optimal consideration.

5.4 Participants and Sampling

The study had three categories of participants, which included government officials directly responsible for village banking two at management level and five direct practitioners from three sub-centres, seven current participants and two former participants of village bank program. The government officials accounted for policies and institutional practices related to village banking. The participants of village bank provided data on their experiences with the implementation of village bank in their area in terms of its strength and weaknesses. Former participants gave their perception of village bank from their grandaunt point of view. As has been highlighted, this study took sixteen participants in total. I took into consideration the aim

of my study along with (Seidman, 2013, p54) recommendation that the purpose for having few participants is to present the experience of a government official, participants and former participants in compelling enough detail and in satisfactory depth that those who read the study can connect to that experience, learn how it is constituted, and deepen their understanding of the issues it reflects.

The selection of the participants was based on their ability to provide in-depth information about the topic under study, referred to as purposive sampling (Patton 2002) such sampling made it possible to find participants who reflected on the topic and the data enlightened the objectives of the study by providing relevant and adequate information.

5.5 Data Collection

The study used three basic data collection methods namely: interviews, document analysis and direct observations.

5.5.1 Interviews

Qualitative research interview is seen as a construction site for knowledge, an inter-change of views between two persons conversation about a theme of mutual interest (Kvale 1996, 14). I used interviews because it is an effective research instrument for gathering deep insights about how people experience, feel and interpret their social world (Mack et al 2005). In-depth interviews with a government officials, participants and former participants of village bank were conducted. Semi-structured interview guides for each category of participants developed and used. Open-ended and probing questions were used to facilitate free responses in the participants' own words. Finally, in order not to miss out on data collected from interviews, I took notes and digitally recorded the interview process with consent from participants. (See Appendix D for a list of interview questions).

5.5.2 Direct observation

The study also used direct observation as a data collection tool. Observations were made in participants' natural settings such as the trading places of participants, their homes and other areas that have relevance to village banking. (Anderson et al, 1994p129) suggests that observations help to "demystify what is actually going on as opposed to what one might hope

or assume is happening”. Direct observation helped me understand and capture the social context that participants did not pay attention to or were reluctant to talk about in an interview. The data collection tool also allowed me to go beyond the selective views of the participants (Patton, 2002).

5.5.3 Document Review

The study also used data from policy documents, reports, journals and other printed and electronic sources. Electronic sources were searched from databases such as BIBSYS, Google Scholar, Google, Academic Search Premier and ORIA. By definition, a document is any substance that gives information about the investigated phenomenon and exists independently of the researcher’s actions. It is normally produced for specific purposes other than those of the research but the researcher can use it for cognitive purposes (Corbetta, 2003). Document analysis helped me to collaborate or argue evidence from other data sources (Yin 2003, 87). The other rationale for using document analysis is advance by (Corbetta, 2003) who pointed out that documents have advantage over other technique because they are non-reactive as such are not subject to a possible distortion as a result of the interaction between the researcher and the respondent like in interviews.

No doubt, documents provided greater insight to this study by supplementing on data obtained through interviews and observation.

5.6 Data analysis

In this study because of the qualitative nature of the research design, data collection, interpretation, and analysis were conducted simultaneously throughout the research process. This is in line with (Creswell 1994) who argues that conducting multiple components of research alongside data analysis is necessary as the researcher remains constantly engaged. New themes and questions raised by participants are noticed leading to research maturation, which encourages inductive understanding during data analysis (Bryman 2012). Because qualitative research analysis is eclectic and does not require researchers to bind themselves to a predetermined theory, the qualitative investigator seeks out patterns to guide the inductive interpretation of the data instead (Creswell, 1994). According to (Creswell, 1994, 7), “in a qualitative methodology inductive logic prevails. Categories emerge from informants rather than are identified a priori by the researcher. This emergence provides rich “context bound”

information leading to patterns or theories that help explain a phenomenon”. To be in line with the above explanation, the study used thematic analysis. According to (Braun, 2006) thematic analysis is a method for identifying, analysing, and reporting patterns (themes) within data. The method consists of six stages. In short, I transcribed audio data, then brought together transcribed data, data from documents and field notes. Read the combined data set repeatedly to familiarize myself with text. Then generated initial codes from which I developed themes. Defined and named the themes and then the report was written.

5.7 Ethical Considerations

I recognised that the research involved *human participants*. As posited by (Punch, 2005), the study involved collecting data from people, about people. For this reason, I applied for professional approval and institutional clearance from relevant institution. Data collection only commenced after clearance was given. The rationale behind this undertaking is to maintain professional integrity in the process of carrying out social research (National Committee for Research Ethics in Norway 2006). Below is a discussion on how the study handled ethical issues related to informed consent, confidentiality and anonymity and data management.

In order to fulfil the need for informed consent an information letter was sent to potential respondent of the study prior to data collection, providing adequate information on the aims, benefits to be gained and an outline of the study requirements. Written consent was sought before interviews were conducted (Polit and Beck 2010).

In keeping up with confidentiality and anonymity, the name of the participant, institution and its location was anonymous in all documentation including the report. In the transcription process, names were replaced with a numerical code with the aim of de-identification of participants (Johnson 2011).

In terms of data management, all resulting data was kept in lock and key in the researcher’s office in order to prevent accidental identification. Produced computer files were password protected only known to the researcher (Johnson 2011).

5.8 **Summery**

This chapter discusses the methodology used in this study with particular focus on research design, study site and gaining access, participants, recruitment of participants, data collection, ethical considerations and data analysis.

6 Chapter 6: Presentation of findings

6.1 Introduction

This chapter presents the findings, discussions and analysis of the study. Data was collected from the interviews, official documents and through observation. Two types of interview guides were administered to the program staff and program beneficiaries. See table one and two below for more details about those who participated in the study.

Out of the fourteen-targeted interviewees, only one was not available for the interview because she was out of the office on other assignments. With the study objectives in mind, interviews were conducted with the Thirteen available interviewees who are directly or indirectly involved in the implementation of Village Bank program. The interview guide allowed for probing with an effort to seek conclusive answers to benefits, negative effects and factors that may inhibit or promote the success of the program from within the implementers and beneficiaries of the program.

6.2 Descriptive information of the participants

Table 1. Summary of the descriptive information of program staff who took part in the study

Name of staff	Station	Professional qualification	Position in the project
Staff 1	National office	Master's degree in development studies	National credit officer
Staff 2	Provincial office	Master's degree in development studies	Provincial credit officer
Staff 3	District office	Degree in development studies	District Credit Officer
Staff 4	Sub-centre	Diploma in social work	Credit officer
Staff 5	Sub-centre	Diploma in social work	Credit officer
Staff 6	Sub-centre	Certificate in community development	Credit officer

Table 2. Summery of the descriptive information of the Program beneficiaries who took part in the study

	Name	Age	Marital status	Size of household	Position in the project	Income generation activities
1.	Woman 1	56	Married	6	Group chairperson	Tailoring
2.	Woman 2	70	widowed	4	Member	Brewing traditional beer
3.	Woman 3	63	Divorced	8	Member	Street vending.
4.	Woman 4	48	Married	5	Centre chief	Farmer, trading at the local market
5.	Woman 5	46	Married	6	Member	Trading at the local market
6.	Woman 6	75	Widowed	3	Member	Chaco burning
7.	Woman 7	38	Single	4	Member	Hair dressing and selling hair products

6.3 Benefits of village bank program in Chongwe District.

This part answers the first research question, which seeks to establish whether village bank implemented by government agency benefited the participants. The benefits of microfinance have been debated since the '70s when the Grameen Bank in Bangladesh began making tiny loans to impoverished small business owners. In 2006, Muhammad Yunus, the bank's founder and "the father of microfinance," won the Nobel Peace Prize (The debate as to whether or not microfinance benefit its clients have been going on for some time and a lot of studies done. These debates and studies have come up with two schools of thought, one group saying microfinance benefit the poor while others say no to this. However, there are benefits that are obvious and even a vocal critic such as Thomas Dichter of microfinance acknowledges them (Chowdhury 2009). He admits that microfinance helps the poor with smooth consumption over

periods of cyclical downturns or unexpected crises. If consumption smoothing means parents can send their children to school, or buy essential medications, and maintain nutritional intakes then this assertion was acknowledged by this study. Participants in this study pointed to these benefits. For example, in answering a question ‘what are you able to do now what you were not able to do before village banking came? One participant said,

‘I can now feed my children three meals a day and can now send my young child to pre-school’ (woman 1).

Indeed, the programme has improved the lives of participants, some are now able to buy medicines that they need to take daily.

Village bank has also, fulfilled an important safety-net task (Chowdhury 2009). Before village bank, participants, in difficult times, would seek financial help from family members or neighbours or even employers. But in a situation of generalized poverty or economy-wide crisis; were everyone does not seem to have, participants would seek the services of moneylenders. The coming of village bank in the area has relieved participants from the shame and embarrassment that goes with going around looking for someone to help financially. Village banking has helped in breaking the power and hold of moneylenders who operate in the inter-locking credit and factor markets. The assumption is that once you borrow from a moneylender you are likely to a regular customer (Duflo, 2011). Participants also benefit from low interest rates and flexible repayment arrangements compared to moneylenders with their social threats shame and embarrassment if you default. In comparison with moneylenders and village bank, one participant said,

‘At least now I am getting financial help from a dignified source’ (woman 3)

Village banking is really a dignified source of financial help and has curtailed the power and abuses that comes with moneylenders.

Village banking in Chongwe has given the unemployed and poor participants an opportunity, hope and self-esteem. It is a common understanding that by being employed (whether self-employed or by an employer) gives a person a significant boost to his/her sense of self-respect and dignity. Village banking in Chongwe provided participant with self-employment opportunities. People who had nothing to do begging from one place to another, at least had

something to do. In responding to the question what were you doing before getting a loan from Village Bank, one participant had this to say,

'Life was hard I had nothing to do, looked for a job and money but in vain, but when I got a loan at least I started selling vegetables' (woman 2)

It's also clear that village bank allows people to show their social creditworthiness. The fact that a member is accepted as a member of a group is enough evidence to suggest that s/he is socially creditworthy. To know that they can be trusted and accepted by other increases their sense of self-respect and dignity. This is a benefit on its own. Village bank recipient also benefit from learning-by-doing effect. (Chowdhury, 2009) argues that even if labour in micro-enterprises is given a zero-shadow price, the people who are involved benefit. They learn some basic principles of business, and with luck, and perhaps some help, may be able to become more viable and even expand. This benefit can be likened to apprenticeship where the apprentice gets a low wage, but in exchange, gets training in a trade that can become an asset for his/her livelihood. Participants of village bank attested to this benefit. In answering the question concerning benefits one participant simply said,

'I have learnt how to do business' (woman 4)

It is also undisputable fact that some of the participants of village banking have acquired entrepreneurial skills as a result of the program. The training women are given before receiving the loan empowers them with knowledge and skills to run their businesses effectively even after the end of the program.

6.4 Negative effect of Village bank program in Chongwe district.

This part answers the second research question, what are the negative effects of Village Bank program in Chongwe district?

The study established that microfinance led to increasing levels of indebtedness among already impoverished women. This means that for some women the program brought more shame than benefits. First, the study established that words, terms and language used against participants or used to identify people in poverty in the program were associated to shame. This ties well with (Erika et al, 2014, p179) argument that policies and programs have the potential to either heighten or lessen the shame that people feel because of living in poverty.

According to (Erika et al, 2014, x), policies that are shaming are likely to be ineffective. “Shame is defined as painful feeling of humiliation or distress caused by the consciousness of wrong or foolish behaviour” (Oxford English dictionary). Participants of the programme felt belittled, ashamed or worthless as a result of the words used against and some of the activities in the implementation process. In the first place, participants were not comfortable with the use of words such as ‘poor and vulnerable’ in describing the target group of the programme. In finding out about how participants felt about the description of the target group, one participant said,

‘I don’t like it to be identified as a poor and vulnerable woman, it’s shameful, I had to think twice to participate, some of my friends could not bear to be described as poor and vulnerable and stayed away’ (Woman 3).

From the above quote, we can conclude that it’s painful to be associated to poverty even when a person is poor. Some poor people detest to be associated with poverty to the extent that, they may not take part in a programme designed for them just to preserve their dignity and image. Participants in the village bank also pointed out that it is painful to describe your poverty condition to the Credit Officer, especially if they visit your home. This is in connection with establishing eligibility of a participant. Participants observed that some of the questions asked makes one feel a failure or a nobody. Questions such as ‘how many meals do you take per day?’ describe the meals you took yesterday from sunrise up to sunset?

One participant said,

‘that it was shameful and embarrassing to describe some of the poor meals I prepare for my family out of inadequacy’ (Woman 5).

Indeed, describing one’s inadequacy to the outside world can be humiliating, embarrassing and shameful. Some participants said that they felt as if they were abnormal. To disclose to an officer the number of meals per day, describe the meals, disclose your income, your failure to look after your children, the begging and other poor living conditions, brings fresh memories of the suffering of the poor. Participants pointed out that the worst embarrassment and shame is when one fails to meet her repayment obligation. The group members put up a lot of pressure, use all available avenues to embarrass you in public, at home in front of your children and husband in full view of neighbours. One participant who had such an experience said,

'it was a bad experience I would not wish anyone to experience it, group members followed me at my stand at the market, they used all sort of insults, I tried to explain my failure to pay but could not listen, all the people around came in numbers to watch, I wished the ground could open and swallow me to get out of this embarrassment. As if this was not enough, they followed me at home, they made all the insults they could and threats. Whenever I met any of the group member that was the talk. Because of this I started restricting myself from public places like funeral and church' (woman1).

Instead of building social relationships the programme brought hate and shame among friends. This understanding is in agreement with (Karim, 2008) who argues that microfinance contributed to deterioration of social relationships in the community through aggressive loan recovery tactics that created a `culture of shame, quoted in (Banerjee and Jacson 2016). Rather than building social solidarity, group lending brought division among people in an event that one member failed to repay the loan. Fear of potential defaults by members of a given solidarity circle, created a mechanism of surveillance that diminished relations of reciprocity and trust and broke down groups and family relations. This means that village bank program works against social capital in two ways. The first one, is coming from aggressive repayment tactics that involve public shaming of defaulters negatively affecting social ties both in the community and family. The 'solidarity groups' that were the basis of the social collateral of village bank loans turn out to erode bonding social capital. Secondly, access to village bank loans did not create new bridging capital in the sense that while individuals had access to credit, the loans did not result in income generating activities but further increased indebtedness of households.

In support, (Bourdieu,1986) the study argue that village bank program activities resulted in negative social capital owing to erosion of bonding capital without creating bridging capital.

The above narrations from participants provide enough evidence to suggest that, indeed village bank in Chongwe had elements of shaming as a result of being poor. This ties well with (Erika etal, 2014, 179) argument that policies and programs have the potential to either heighten or lessen the shame that people feel because of living in poverty.

Functionalist analysis look at shame and poverty positively (Walker, 2012), it assumes that shame and poverty can make victims work hard and come out of poverty. Shame and stigma may have a function in policies and social programs. It should be understood that public resources are limited and may not be enough for everyone who falls in the poverty bracket in Chongwe, so shame and stigma could act as screening mechanism at the point of targeting to

reduce participants and match up with limited resources. For example, in Walker's study of shame in seven countries, Uganda included, revealed that in Uganda some poor people refused to participate in poverty reduction programme because of its associated shame. One participant in their study said,

'I would rather remain poor but free'

She meant that she would rather remain poor than participate in shaming programme. To be mindful of shame on the part of participants is a sign of not being desperate and not in need. Social programme aimed at alleviating poverty in developing country where the majority of population are poor should not be rose but stigmatised to reduce on participants in midst of limited resources. Shame associated with defaulting may have a positive function to deter would defaulters. Some scholars have argued that one of the reasons for high repayment was access to family and community networks to repay loans. According to (Bateman, 2010), the key driver of repayment of loans was shame; families and communities worked hard to mobilize resources to repay loans to avoid shame and putting the name of the family and community into disrepute. (Bateman,2010), further observed that reliance on family and community networks for repayment led to another innovation – the creation of 'solidarity circles' (Kendra) where groups of women rather than individuals would be responsible for 'helping' an individual to repay loans if the borrower was facing financial hardships. In short, the 'social' as a form of social capital to be more precisely 'social collateral' is key to the success of village banking (Bateman, 2010). (Karim, 2008) observed that though negative to victims, public shaming is an effective way to ensure loan repayment. According to (Walker 2014, 55) the prevalence of shame across different societies has led to the widespread idea that shame helps construct functioning societies. The theory is that it works through moral outrage, which 'is an important sanction in enforcing conformity and expressions of shame by persons who have transgressed social rules may reduce this ...'

In looking at the darker side of shame and poverty, (Gubrium et al, 2014) come to the important conclusion that development agencies focus mostly on improving the material status of recipients and not enough on the dignity of the vulnerable. They argue that, for social protection to be transformative, it needs to go beyond economic status and address structural issues of inclusion and exclusion. And shame is not the way to go.

In agreement with the above assertion, Walker (2012) argues that shame associated with poverty leads to social withdrawal, concealment and fantasy; to sap morale; and to precipitate

a loss of control resulting in mixes of anger, depression and despair. Poverty is sometimes seen to drive people to take actions that are demeaning, irrational, subject to social disapproval or even illegal (Walker 2012). If poverty and shame lead to negative attributes such as social withdraw and concealment, it may not provide the necessary energies for the victim to work hard and secure his/her escape from poverty. With this understanding shaming policies have the potential of re-enforcing the poverty trap. In disputing to the assertion that shame can be used to makes people conform to social norms, Walker (2014) observe that shame may not be useful in promote social norms and that it is not an effective avenue for constructing a good society. He bases is argument in support of (Avishai and Margalit, 1996p 1) who described a decent society as one ‘whose institutions do not humiliate people’. Based on this understanding, if indeed shaming policies humiliate people, then they are not good for a good society.’ Walker further acknowledges that the negative behaviour produced by shame has the potential to solidify inequalities and increase societal stratification. This is to emphases that shame may keep the poor at the bottom of the social strata. Not only keep victims at the bottom of the social strata, shame can be deadly from the resultant self-perpetuating ‘psychological consequences such as: low self-esteem, depression, anxiety, eating disorder symptoms, posttraumatic stress disorder, and suicidal ideation (Walker ,2014 p40).

Based on history, in the 1980s, academic literature emphasised the importance of rights-based development free from negative labels like shame, but this was lost in the 2010s owing the neoliberalism policies (Walker 2014). Walker (2014, 183) notes that, academics and policymakers have, of late, tended to focus on counting the poor and ‘their’ supposed successes in reducing the number of poor rather than in understanding the experiences and feelings of the poor and utilising these experiences to inform policymaking. He argues that such discusses are timely as a reminder of the rights-based development agenda.

The contributions of Lødemel, Gubrium and Pellissery in shame and poverty are well noted. Their edited book focused on the construction of social policy in relation to shame, and their research from this part of the project led to the inclusion in the 2012 International Labour Organization Recommendation 202 on national floors of social protection that every government should have ‘respect for the rights and dignity of people covered by social security guarantees’ (Walker, xi). Indeed, shame associated with poverty should be fought tooth and nail, if we want a society free from poverty.

6.5 Factors in the Organization and programmatic factors promoting or inhibiting

Program success.

This part answers the third research question which is to examine the factors in the program design and program activities that promote or inhibit the program from achieving its program objectives. The paper identifies factors promoting success and factors inhibiting success.

6.5.1 Programmatic factors promoting success

Programmatic success factors were examined based on the best practices of Grameen Bank one of the earliest microfinance businesses that set the pace for other microfinance businesses.

Grameen Bank Model was established in the 1970s to provide microloans to rural, landless women in Bangladesh engaged in income-generating activities. The Grameen Bank is a licensed bank and as such can present itself as part of the legally recognized network of financial institutions able to access the due processes of the law to protect depositors and its other members.

According to (Chowdhury 2009) he argues that the success of the MFI sector in Bangladesh has been greatly underpinned by a great investment by pioneer MFI in production innovation and continuous redesigning of products in line with the target groups, which mainly is the poor section of society. He further argues that high competency standards on the part of its staff is critical to the success of micro finance institution.

Targeting mechanisms

Women targeting

As discussed in chapter two above, village bank program as implemented by the department of community development targets the poor and vulnerable women living in peri-urban and rural areas. Many MFIs target primarily, or exclusively, women. This practice is based on the common belief that women invest the loans in productive activities or in improving family welfare more often than men, who are assumed to consume rather than invest loan funds (Brau et al, 2004). Compared with making loans to men, making loans to women is regarded more beneficial, repayment performance of women is much better than men (Vigano, 1993). This

means that giving loans to women is positively related to loan repayment. This was found to be true in Chongwe district. According to the official records, 85% of women managed to pay back the loan in the first circle. See table in chapter two above for more information. In micro finance loan repayment is crucial to the success of the program. At the same time, women who get loans would invest more in children's education. This practice is not only beneficial to the future of the whole family, but also to economic and social development of the entire country. (Pitt and Khandker, 1998) used empirical data from Bangladesh over the period of 1991-1992 to test the hypothesis that women use borrowed funds more efficiently than men. They use household expenditures, non-land assets held by women, male and female labour supply, and boys' and girls' schooling as measurement outcomes. The authors find that although the availability of microfinance positively impacts all six areas in the aggregate, all areas are significantly affected when women borrow, but only one of the six is significantly affected when men borrow. They conclude that women use borrowed funds better than men do in Bangladesh microfinance programs. Examining a related question, (Kevane and Wydick, 2001) use a sample of 342 MFI participants in Guatemala to analyse the assertion that male borrowers produce more economic growth than women and that women facilitate more poverty alleviation. They find no significant differences between men and women in generating business sales and a small advantage of employment generation by men relative to women. They attribute the difference between men and women to the role of women in childbearing. Underlying the emphasis on lending to women is the widespread belief that access to financial services empowers women, both financially and socially. Testing this belief, (Amin et al, 1998) use qualitative and quantitative evidence in Bangladesh to show that membership in microfinance programs among other factors is positively related to women's empowerment.

In contrast, (Ehlers and Main, 1998) analyse microenterprise development programs for poor US women and argue that the microfinance assistance is more detrimental and problematic than advocates believe. Ehlers and Main base their conclusion on the fact that few women "graduate" their business into the formal sector due to gender constraints on the type of businesses they choose to run and due to inappropriate microfinance training (Mallick, 2002) criticizes the impact of microfinance on women in society and suggests that microfinance services can result in gender conflict in Bangladesh. (Hossain, 2002) is quick to rebut Mallick and specifically addresses each of Mallick's assertions arguing that Mallick's analysis is premature. I totally agree with Hossain against Mallick's assertions because my findings in

Chongwe district are that women are benefiting from the program and that if they keep up the same spirit the goals of the program can be achieved.

Group-based lending

The program made use of group based lending. As stated in chapter two above Chongwe district is composed of 17 solidarity groups of five. The successes the program recorded can be attributed to influences of group members to motivate others to pay back the loan. This is in line with Hassan's findings on the major success factors of the Grameen Bank. As argued by (Hassan, 2002) innovation through the group-based lending instead of individual borrowing have been the major success factor in the Grameen Bank in Bangladesh. The Loan is dependent on social collateral. These networks of relationships protect borrowers against loan defaulting in that the group takes responsibility for any member who defaults. Members who deliberately default is to be prosecuted. In addition, the group members signs a written social contract indicating that they would pay for a defaulting member. In an event were the group fails to pay for a defaulting member, the matter is referred to the Village Bank Committee who will have the discretion to or not to retain the other members on the programme. This factor has been proven right in this study; because of group based lending, the program achieved more than 83% repayment in the first circle of program implementation in Chongwe district. Strong group cohesion made it possible for palabana sub centre to achieve 96% of loan repayment while the 4% was recorded as delayed otherwise it would have been a 100% repayment for that sub centre. See table 3 in chapter 2 above for more information.

Visits to clients place of business

Credit officer for palabana sub centre confirmed that frequent visit to clients' place of business was one of a success factor. This was also one of the success factors or best practices of Grameen Bank as was found by Mamun in 2010. Visits were made to monitor the progress of their businesses and remind them of repayment of loans.

6.5.2 Programmatic factors hindering success

Organizational Structure

Where a program is located within state administering agencies is important because the program outcome may be more a reflection of the implementing organization and the persons responsible for implementation. Two key factors in the organizational structure, which influence implementation, are the appropriateness of the bureaucratic organization to the program and the capabilities of the officials responsible for carrying out the program (Copeland and Wexler 1995). Ministry of community development being a government institution designed to implement social welfare programs makes it very difficult to fit in a micro finance industry. This because micro finance is differentiated from social welfare programs where many times clients receive benefits based on rights and not obligation. The degree of fit between the mission of the implementing organization and the goals of the program to be implemented will affect the length of time it takes to put the program into operation (Copeland and Wexler 1995). If there is a good fit between the program being implemented and the implementing organization, interpretation is simplified, goals may not need further renegotiations, resistance is lessened and implementing officials can get on with the job of making the program work. A good fit also is determined by the professional competence of the officials authorized to carry out the mandate. The personnel responsible for administering the new program should possess the professional knowledge, skills, and training needed to increase the success of both program development and program performance. Implementers will need to be highly skilled at managing competing and conflicting demands arising from actors in their organizations and in their communities (Copeland 1995). Building an organization capable of good program execution entails staffing the organization with the needed skills and expertise as well as building core competencies and competitive capabilities that will enable good program execution (Hartungi, 2007). Well-trained and dedicated staffs contributes to success of micro finance. 'The study revealed that all the community development officers who were appointed as credit officers had diploma in social work or certificate in community development. One credit officer reviewed that she only received a five days training on how to manage a village bank program slightly before the beginning of the program. As pointed out by the senior officer, most of the credit officers made mistakes which not only cost the department money but also its reputation. She pointed out that some of the credit officers were faced with integrity issues and had to be charged. She said that even though credit officers

were specifically trained on the micro process and well equipped to handle any challenges, some of them however failed to apply the knowledge gained and started going against the program guidelines. *‘‘We cannot escape the integrity issues that have rocked the department and threatened the reputation of the organization leading to the dismissal of some officers’’*.

Another issue related to staffing is the fact that in most sub - centres, there is only one officer to handle three other departmental programs. When he or she is attending to other duties operations of the program are paralysed. The situation is worsened when the officer goes on leave and a replacement is not made on time thus causing problems to the running of the program.

Technical competence and practical skills in financial management are needed for village bank program design and service delivery phases. Yet most staff members of the department of community development have no long term training in financial management apart from the short term training they are given shortly before the implementation of the program. This may affect achievement of program outcomes

Some reasons for implementation failure include lack of resources, inexperienced personnel, and insufficient training (Dalton et al. 2007). Implementation failure can also relate to the extent to which the program is implemented with fidelity to the original plan or lacks quality adaptation (Durlak et al 2008).

The following factors were identified to be influencing village bank program failure;

Faulty group formation

Group formation is critical to the success of village banking. If not handled according to the design of the program, failure is the result. In recent years, many development organizations have used group lending to deliver credit to poor individuals (Karlan, 2007), who in most cases have no asset for collateral. In short, group lending is as important as collateral. The main aim of group lending is to pass off the screening, monitoring and enforcement of the loans to the peers (Banerjee et al, 1994). In the program under study there is evidence to suggest that group formation was faulty. Beneficiaries did not bother themselves as to who joins the group, rather their focus was only to get the loan. They were more concerned about making the numbers rather than the quality of members. What was more important to them was to get the money and not issues of repayment. Some of the people in a group did not know each other and had

never met before. In answering the question, ‘How did you find yourself in this group? One participant said,

‘I had no friends to form a group with instead I just joined the people I found at the office.’
(Woman 1).

The above statement clearly shows that group formation was faulty. People who have never met could just form a group at the office. Implementers could have also helped the matter by sensitizing the would-be beneficiaries the importance of group formation and probably interview group members, to ascertain how much they knew each other and the extent to which they may influence each other positively. The faulty group formation could have contributed to high loan default rate as defaulters have nothing to loose, as the assumed social relationships between group members do not exist. There is also evidence to show that loan default rates were high, for example, Chongwe Central disbursed \$2,950 in the first cycle expecting a \$3,540 return, instead only \$2,664 was paid back, and \$873.6 was lost to defaulters representing a 24% default rate. If group formation procedures were followed, probably the loan default rate of 24% could have reduced.

The important aspect of the group is to have a membership that have a common agenda and have strong social ties that one may not trade off by deliberately defaulting. And members could have known each other before the constitution of the group, each member should be comfortable to work with other member towards the loan obligation. Members should have the capacity to influence each other in meeting the loan obligation.

Furthermore, group loans help formal lenders overcome the prohibitively high fixed cost of delivering small loans (Karlan, 2007). Village bank program uses group-lending schemes to elicit peer pressure and social morals.

In-group lending beneficiaries are asked to form groups with peers with a common wish to access financial services. In this case, a loan is given to a group, whose members are jointly responsible for repayment. Peer pressure is a substitute for collateral. In using this approach, the program transfers the complexity of screening and monitoring to its beneficiaries. Self-selection is important in order to build trust in each other among group members

Failing to separate Village Bank from social welfare programs.

The ministry is taking Village bank program just like one of its social welfare programs. The ministry is implementing several other social welfare programs as discussed in chapter two above. The study established that these competing program affect Village Bank program performance, this is because some client fail to pay back the loan comparing the program to other programs where beneficiaries are not expected to pay back the loan.

One of the best practice of microfinance is to separate micro finance activity from social welfare programs. According to the (World Bank, 2005) careful attention to the separation of microfinance program activity from charitable or social welfare programs must be paid. This entail promoting the long-term economic goals of microfinance, educating borrowers on its potential contribution to sustainable community growth and reinforcing the concept of microfinance as a business tool rather than a welfare program.

Lack of resources

Transportation is a means through which credit officers would be able to move around to mobilize funds from program beneficiaries. As it can be observed that most of the interaction that exists between credit officers and program beneficiaries are on face-to-face basis, transportation should be key in their operation. Credit officers complained that the program is very demanding in terms of movement from beneficiary to another. Transportation was the major challenge pointed by three credit officers at sub centre level. The program did not provide transport system for the officers who are in direct contact with program beneficiaries.

Standardized village bank products

Analysis of products provided by village bank program reveals that most products or services in the program are standardised. For example, the study established that 90.6% of beneficiaries received the same amount of loan, which is 1000 Zambian kwacha equivalent to \$100. As argued by the World Bank 2008, when standardized loans are mismatched with client needs, clients may borrow more than they need, pay higher than necessary costs, or make poor choices, like skimping on quality or selling out inventory stocks to meet an unforgiving payment cycle. Therefore, understanding how clients use financial products can help department of community development tailor their financial products so that the program can meet the various needs of poor women. (Bamwesigye, 2008) acknowledges that poverty is a multi-dimensional concept-that the poor are not homogeneous and neither are their

development needs. The design of the program should be tailored to meet the various needs of women unlike standardising the services. For example, some women would be comfortable with small loans while others would not. Some participants also argued that the repayment period that was standard to everyone did not match with their cash flows, they also observed that repayment started too soon before the client settled down.

Targeting the poorest of the poor

While the 'poorest of the poor' have been identified as the target group for loan assistance, it has been proven that microfinance can do little for the most desperate, those too sick or unskilled to work (Oxfam, 1997). These were often large infrastructure or public works projects that frequently failed to meet poor people's needs (Cassen, 1993) and (Von Pischke (1994) note that micro finance of today is based on exactly the same rationale as failed programs to help small farmers in the past. It was observed that some of those who failed to pay back the loan are very old and weak. The (World Bank, 2003) recommends social safety net programs for the destitute and extreme poor. This is because they are too weak to engage in productive activities which will help them make profits to enable them pay back the loan.

Loan size and repayment period

Some ambitious women in the program felt that the amount of loan the program was offering was inadequate .Specific characteristics of financial products, such as loan terms and transaction size, affect impact. Short-term working-capital loans may work well for traders wanting to purchase inventory. For producers who need to make one-time investments in equipment purchases, however, they work less well. These clients may require other services like term savings or longer-term loans. (world Bank 2003)

Initial resource base of a client also affects program success. Clients who begin with more resources (financial, physical, or social) tends to have more success than those who start from a very low resource base.

The length of time that an individual has been a client of a financial institution has a positive correlation with impact. To ensure impact of the program the department should provide service to its clients for a longer period than what is intended in the guideline

The first and second loan amounts were considered inadequate by participants in the study. According to them, this situation forced them to borrow from other sources to supplement the loan. This act ultimately complicated repayment obligations and led to defaulting and consequently falling off the program, especially where loans funds had been reallocated to consumption use.

Delayed Loan Disbursement

Progress in the program is dependent on finances collected from the participants. Program participants are expected to receive finish paying for the first loan before receiving the second disbursement. Due to the high number of defaulters in Lwimba and Chongwe central sub centres disbursement of the second circle was delayed. This is to say that loan processing (recruitment and training of clients) would be done only when funds for lending were assured. This process disturbs those participants who managed to pay back their loan on time.

Unsatisfactory records keeping

Village Banking involves a lot of record keeping. Incorrect, poor and unsatisfactory record keeping can negatively affect the success of the programme. During my field study period, unsatisfactory record keeping was observed. Therefore, there is need to keep correct records of the program if it is to succeed.

In conclusion these are varieties of underlying assumptions to the program theory that will enable the success of the program. Identifying these assumptions at each step of your program theory is a valuable way of ensuring that potential threats to the success of your program are taken into account (Funnell 2011).

6.6 Factors that promote or inhibit program success attributed to the users

This part answers the third research question which seek determine factors in the user side (demand side) which promote or inhibit the success of village bank programme. This question examined the actions of the program beneficiary's response to program implementation that may promote or inhibit the success of village bank program implemented by a government agency. It is important to consider the role of users in the success or failure of a program in order to adjust the program implementation strategy or strengthen certain areas that are on course. Largely, the success of any social program lies in the positive response of the user to prescribed program activities. Indeed, a beneficiary is a key (primary) stakeholder in any social program. It should be acknowledged from the onset that those findings might not be discussed in isolation because they are interrelated and reinforce each other.

6.6.1 Misapplication of loan funds by participants

Most often, money meant for business would be used for other purposes resulting into de-capitalization and business failure. Some women in the study confessed that they did not use the loan money for business ventures. According to my findings from my field visits, it was established that some participants did not use the money for income generation, instead they used the loan money for other purposes for example one woman confessed that the money she got from the program was used to buy roofing materials for her house.

Woman 3 I used the money I received from the program to buy roofing sheets because my house was leaking.

Evidence shows that clients adapt these rather rigid loans to use them for a variety of purposes like medical expenses, funerals, and school fees.

The reason why program participants are unable to repay the loan is that loans were used for buying food, medicine, building materials, children's school requirements and other necessities of life rather than for any income generating activity.

One credit officer reviewed that in his centre five women out of 30 are struggling to pay back the loan because the loan was not invested in an income generation venture instead they used the money for home consumption.

Credit officer 3, I can confirm that some women did not use the loan as prescribed in their application, and this has created a problem when it comes to repayment of the loan.

6.6.2 Dropping out or defaulting

Dropping out and defaulting were identified factors, inhibiting the success of village banking in Chongwe.

Dropping out is a cessation of being a member of a village bank because of the client's inability to pay back the loan while a defaulter is a program participant who is still a in the program but is unable to pay back on schedule due to some reasons (Siame 2004).

Due to various circumstances some women left the program just after getting the loan.

Credit officer 2, three women out of 25 disappeared from the centre after getting the loan. When you ask their neighbours, they say they have relocated to another district and for others their where about is not known.

This makes it difficult for credit officers to collect back the loan from such women and their group members are not willing to pay the loan which they did not use.

Some women may be willing to pay but may not pay on time due to their limited finances. In most cases, program participants may drop out after a series of defaulting. If a clientele has been defaulting, the village bank may not approve or take long to approve further loans. In both cases, clients are made to dropout. Dropping out and defaulting are a problem in village banking as they disturb the flow of finances in the cycle of borrow and repayment. According to the records obtained from the field study at the time of data collection it was observed that most women did very well in repayment in the first circle. The problem in defaulting started later in the program implementation. Some of the identified reasons why program participants were unable to repay the loan is that loans were used for buying food, medicine, building materials, children's school requirements and other necessities of life rather than for any income generating activity. One woman confessed that the money she got was used to buy loafing sheets for her house.

If village bank loan is not put in income generation activities, it creates problems in finding money for repayments

6.6.3 Unwillingness of some beneficiaries to pay back the loan

Credit officers complained that some beneficiaries are not willing to pay back the loan. This could be because of institution environment. Because members of the public know that the ministry of community development and social welfare gives money to its clients in other programs without asking them to pay back. For example, women groups receive free grants from government to help them engage in income generation activities as a group. According to my findings, some village bank beneficiaries are members of these women clubs who have once benefited from this program. Other programs where beneficiaries are not expected to pay back the money are unconditioned social cash transfer and public welfare assistant schemes. These programs are making some clients to think that they also do not need to pay back the money.

Summery

This chapter presented the main findings, discussions and the analysis of the research findings.

The next chapter will provide the paper with conclusions by summarising the main findings and inform the discussion on how the study used the program theory. Policy implications and recommendations will also be provided in the next chapter.

7 Chapter 7: Conclusions, Policy implications and Recommendations

7.1 Introduction

This chapter discusses conclusions, policy implications and the recommendations of the study in connection with the findings, theoretical perspectives and the literature review presented in chapter three, four and six.

7.2 Conclusions

The aim of the study was to explore experiences of Village Bank program implementation by the government of the republic of Zambia. The study established the extent to which participants of the program benefited from its implementation. The program made a difference in the households of beneficiaries making it possible between scrounging for a single meal and having three square meals. With their profits, some women have been able to send their children to school. Others have earned enough money to improve their houses. Some women are able to buy medication for their health conditions. Village bank program has also achieved a significant result with regard to beneficiary capacity building in terms of training program beneficiaries in entrepreneurship skills as they testified during the study. Two things were observed to indicate the relevance of the village banking program and its appropriateness to the target women entrepreneurs. These are ease of recruiting beneficiaries into the program and realization of significant positive socio-economic impacts on beneficiaries.

and the shame that comes as a result of how the poor are treated in the process of obtaining a service. I also identified factors that promote or inhibit the success of the program both from the supply and demand side. More specifically the study focused on outcomes of the program and processes through which these outcomes are generated. The study was informed by the implementation and program theory.

7.2.1 Main findings

Benefits of village bank program in Chongwe District.

My study found that the participants of village bank benefited from its implementation. Participants of the program indicated that as a result of the program implementation improved

their smooth consumption over periods of cyclical downturns or unexpected crises. They were able to send their children to school, buy essential medications, and maintained nutritional intakes. Some were able to improve their housing though it was not the objective of the program. They also indicated that the program improved their businesses through increased stocks bought from loan money. They also pointed out that borrowing from the program served from high interest rate and social treated from moneylenders. The program also created employment for those that were unemployed and gave them a significant boost to their sense of self-respect and dignity. These findings tie well with earlier studies such as (Duflo 2011 and Chowdhury 2009) who pointed out the village bank (microfinance) fulfilled an important safety-net task for the poor and has curtailed them from the power and abuses that come with moneylenders.

Negative effect of Village bank program in Chongwe district

The study identified shame associated with poverty as one of the negative effect of village bank in Chongwe District. Participants indicated that they felt shamed to identify themselves as poor. Worse more to explain their poverty conditions to credit officers who visit their homes to asses their eligibility to the program. They observed that disclosing to an officer the number of meals per day, describe the meals in terms of quality, disclose your income, your failure to look after your children, the begging and other poor living conditions, brings fresh memories of their suffering. And the sticking of their names on the noticeboard as indication of a successful application. They felt ashamed when neighbours told them that they saw their names on the list of the poor to be recruited for village bank. Participants indicated that the worst embarrassment and shame related to failure to meet their repayment obligation. They pointed out that your group members put up unnecessary pressure, use all available avenues to embarrass you in public, at home in front of your children and husband in full view of neighbours. Some said that they would avoid public places like church, market and funerals for some time. These findings are in agreement with earlier studies such as (Gubrium 2013; Karim 2008; Walker 2012) who argue that instead of building social solidarity, group lending brought division among family and community members. They also pointed out that microfinance disabled the poor through self-perpetuating 'psychological consequences such as: low self-esteem, depression, anxiety, eating disorder symptoms, posttraumatic stress disorder, and suicidal ideation resulting from shame that comes as a result of failing to repay the loan.

This study established that the organisational structure has an influence on the success of any programme. It was observed that microfinance or village bank is a business that supposed to

be handled by people with skills and knowledge in financial management. The program in question was implemented by a government department in Ministry Community Development and Social Services which is oriented towards providing social welfare services such as giving handouts which is not business in nature. Credit officers indicated that they had no skills and knowledge in financial management, a must requirement to run a successful microcredit programme. The study also established that the bureaucratic tendencies associated with government agencies would not fit well with a business-oriented programme like village bank. These findings are in line with earlier studies done by (Copeland and Wexler 1995 and Hartungi 2007) who argue that building an organization capable of good program execution entails staffing the organization with the needed skills and expertise as well as building core competencies and competitive capabilities that will enable good program execution.

Some beneficiaries also expressed dissatisfaction with some of the services of the program for example group lending, weekly repayment schedule and the size of the loan the program offered. This is because the women engaged in agriculture for instance would need a loan that would be paid when their harvest are ready. In particular one woman involved in chicken rearing said that it takes weeks before the chickens are ready for sale. Expecting the woman to pay back the loan one week after receiving the loan means that she has to find another creditor to give her money for repayment. This suggest that village bank products and services be best tailored to the diverse needs of the women and they should not be looked at as a homogeneous group of people. Products should be contextualised taking into account rural urban differences and their capabilities.

Since the study was carried out in a single district, the findings cannot be generalised for the whole country. Notwithstanding that it was realised that the elements of the organization structure has a more important factor in making the program realize its objectives. Further study can be carried out to understand which of the organization elements affect realization of which outcomes.

7.2.2 Use of Implementation and Program Theory

Implementation and program theory informed my study. Implementation and program theory emphasis on exploring the step by step process (black box) of implementation in order to understand how outcomes are generated (Wesis 1998). In response, to this demand by the theory, I did examine the step by step implementation process, paying close attention to the

interaction between programme officials and participants of the programme. I chose to use a qualitative design because understanding the depth of the implementation process needed a face to face interaction with program participants. The recruitment of participants was also guided by the theory. The theory assumes that, the implementation theory brings in programme activities, while program theory looks at user response to programme activities. In order for me to understand the process I recruited programme officials and users into the study. Data analysis was also guided by theory, data was organised as outcomes which are benefits and failures, I also captured factors that led to these benefits or failure both from the implementation side (programme activities) and program side (users).

7.3 Policy implications

Implementation seems to be the key to a successful project and programs. Regardless of in-depth planning or good intentions, a project or program has the greatest chance of success with strategic thought about its implementation. While impact studies investigate the effects of a new program or policy on individuals' outcomes, it is the work of implementation research to investigate how the program produces those impacts by understanding the services that are delivered to program participants and the factors that influence their implementation.

Implementation studies increasingly inform program scale-up, helping policy makers and administrators understand the features of systems or organizations that are best suited to implementing a program as it expands. This study concludes that the ministry of community development and social services may not be best suited to implement micro finance program because of its political environment and organization climate as discussed in chapter two above. The successes recorded by Grameen Bank are associated with the nature of the organization. In the first place, Grameen Bank is a financial institution with an organization structure supportive of the financial services, while the ministry of community development is a social welfare government agency whose mission is to provide and facilitate access to social support services, create opportunities for social and economic empowerment to vulnerable people (Republic of Zambia 2003). This means that the organization is not best suited to implement micro finance services like Village Banking. This is because the organization structure and policies are meant to deal with social protection programs for the most vulnerable and the poor of the poorest who may not be able to engage in productive income generation activities. Such clients are best suited for social cash transfer programs and other social protection programs where they do have to find themselves in more vulnerable situation as a

result of being part of the anti-poverty program which may put them in vulnerable situation as it has been established in this study.

Grameen Bank as an organization had a well-organized financial services. Meaning that the organization was running as a Bank not a social welfare institution like a Ministry of Community Development and social services. The ministry of Community Development is historically known to be a an institution established to save underprivileged in form of implementing social protection programs as discussed in chapter two above. Implementation of micro finance program require particular business oriented characteristics to be able to manage finances. Lack of financial management skills in government officials who are employed as social workers may compromise particular principles which are supposed to be applied in micro finance program.

This study can provide lessons to micro –finance practitioners especially those implementing village bank program in the ministry of community Development about the best way to run effective programs and advice to policy makers, program operators, and others who aim to fully understand complex interventions

7.4 Recommendations

In order for the government to achieve its intended objectives for village bank program, I make the following recommendations.

The government should separate Village Bank program from the ministry of community development and social services to avoid mistaking it to be a social welfare program. As argued above micro finance activities should be separated from social welfare programs.

The government should ensure that credit officers are not too involved in the program in a way that their absence would affect the smooth running of the program. Daily activities of the program should be left in the hands of the group leaders who are beneficiaries of the program. At the same time, credit officers should have close and intimate working relationships that is based on truth, trust and commitment with women beneficiaries. Such relationship would foster a sense of genuine feeling for each other in the transaction and at the same time ensure that loans are not unnecessarily diverted to other uses.

Given the tendency of some borrowers to think that micro credits are government funds that need not to be repaid; there is need for the government to be more business-like, which means

that credit should not be extended to just any applicant. Only those who have evidence of capacity to deliver on their business plans with serious commitment can be supported. A search and guide process whereby beneficiaries are identified on the basis of what they do or intend to do and supported with credit and guided in their operations to ensure they succeed would go a long way in ensuring business sustainability and guarantee loan repayment. As for those who cannot meet such standard should be referred to a department of social welfare for cash transfer assistance.

In order to reduce the incidence of non-performing loans, the creditability of the borrowers must be recognized. In this case collective approach to appraise loan applications, loan utilization, monitoring, peer-pressure and cross guarantee to enforce repayment can be used. The importance of grass root associations such as Community Development Associations, women groups, in ensuring conformity can be harnessed. This might entail the department lending to groups who in turn lend to their individual members. Meaning that the daily implementation processes should be left in the hands of those groups.

More emphasis on savings

The period of one year for one beneficiary to be on the program is not enough. The government should give enough time to women before weaning them off the program.

From the study findings, there are no strong indicators that show the sustainability of the program if the government was to stop funding the program today. Thus, it would be recommendable that the government extend the funding of the program for the period of not less than three years as recommended by the Village Bank model.

The government should put in place monitoring and evaluation system for program tracking and decision making. This avoid failure and provide corrective measures when the program is not being implemented according to plan.

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APPENDICES

APPENDIX A: INFORMATION LETTER / CONSENT FORM

Dear Madam

Invitation to participate in a research project

My name is Ann Mwiche Nalungwe, doing my Masters in International Social Welfare and Health Policy at Oslo and Akershus University (Oslo, Norway). I am carrying out a study on the implementation of Village Bank by The Department of Community Development under the Ministry of Community Development and Social services in Chongwe Zambia. The study is merely an academic exercise as a partial fulfilment of my master's degree. You were selected as a possible participant in this study because of your direct involvement with village bank in the area.

The overall aim of the study is to explore the experiences of participants and government officials on implementation of village bank program by the Department of Community Development in Rural Chongwe District.

As such, I would like to interview you in order to get your views on the implementation of village bank program by the Department of Community Development in your area. During our conversation (interview), I will ask you some questions about your past experiences and your views about village bank program in the area.

Participation in this study is voluntary so you may decline to answer any of the questions if you so wish. If you would like to stop the interview at any time, please tell me and we will end our interview immediately. The study will take approximately one hour of your time in your office, with your permission; the interview will be recorded to facilitate collection of information, and later transcribed for analysis. Please note that the recordings will be stored in a secure place. All recordings will be destroyed upon transcription. There are no risks to you in this study. Your name, or any other personal identifying information, will not appear in the final paper resulting from this study.

However, the final decision about participation is yours. If you have any comments or concerns resulting from your participation in this study, please contact my supervisor, Ivar Lodemel (Professor) at (ivarlodemel@hioa.no)

Thank you for your assistance in this project.

I will give you a copy of this form to take with you. If you agree to participate in this research project, please sign.

CONSENT FORM

I agree to participate in a study being conducted by Ann Nalungwe of Oslo and Akershus University College (Oslo, Norway). I have made this decision based on the information I have read in the Information Consent Letter and have had the opportunity to receive additional details I wanted about the study. I understand that I may withdraw this consent at any time by telling the researcher without penalty.

I also understand that this project has been reviewed and approved by the National Committee for Research Ethics in Norway and that I may contact this office if I have any concerns or comments resulting from my involvement in the study.

Participant's Name (**please print**) _____

Participant's Signature _____ Date _____

Researcher's Signature _____ Date _____

APPENDIX B: NORWEGIAN CENTRE FOR RESEARCH DATA (NSD)

ETHICS



Ivar L ødemel

Postboks 4 St. Olavs plass

0130 OSLO

Vår dato: 21.08.2017

Vår ref: 55134 / 3 / L AR

Deres dato:

Deres ref:

Tilbakemelding på melding om behandling av personopplysninger

Vi viser til melding om behandling av personopplysninger, mottatt 16.07.2017. Meldingen gjelder prosjektet:

55134	Implementation of Village Bank by the Department of Community
Behandlingsansvarlig	Development in Rural Chongwe District, Zambia
Daglig ansvarlig Student	Høgskolen i Oslo og Akershus, ved institusjonens øverste leder
	Ivar Lødemel
	Ann Nalungwe

Personvernombudet har vurdert prosjektet og finner at behandlingen av personopplysninger er meldepliktig i henhold til personopplysningsloven § 31. Behandlingen tilfredsstiller kravene i personopplysningsloven.

Personvernombudets vurdering forutsetter at prosjektet gjennomføres i tråd med opplysningene gitt i meldeskjemaet, korrespondanse med ombudet, ombudets kommentarer samt

personopplysningsloven og helseregisterloven med forskrifter. Behandlingen av personopplysninger kan settes i gang.

Det gjøres oppmerksom på at det skal gis ny melding dersom behandlingen endres i forhold til de opplysninger som ligger til grunn for personvernombudets vurdering. Endringsmeldinger gis via et eget skjema. Det skal også gis melding etter tre år dersom prosjektet fortsatt pågår. Meldinger skal skje skriftlig til ombudet

Personvernombudet har lagt ut opplysninger om prosjektet i en offentlig database.

Personvernombudet vil ved prosjektets avslutning, 31.05.2018, rette en henvendelse angående status for behandlingen av personopplysninger.

Dersom noe er uklart ta gjerne kontakt over telefon.

Vennlig hilsen

Marianne H øgetveit Myhren

Dokumentet er elektronisk produsert og godkjent ved NSDs rutiner for elektronisk godkjenning.

L asse André Raa

K ontaktperson: L asse André Raa tlf: 55 58 20 59 / L asse.Raa@nsd.no

Vedlegg: Prosjektvurdering

K opi: Ann N alungwe, annienalungwe@gmail.com



Prosjektvurdering - Kommentar

Prosjektnr: 55134

INFORMATION AND CONSENT

The sample will receive written information about the project, and give their consent to participate. The letter of information is mainly well formulated. However, we ask that the following is changed/added:

Participants should be informed about when the project ends (May 31, 2018), and what will happen to their personal data at this time. As a main rule, data should be anonymized or deleted at the end of the project.

The formulation "this project has been reviewed and approved by the National Committee for Research Ethics" should be replaced by "this project has been notified to the Data Protection Official for Research, NSD Norwegian Centre for Research Data".

DATA SECURITY

The Data Protection Official presupposes that the researcher follows internal routines of Oslo and Akershus University College of Applied Sciences regarding data security. If personal data is to be stored on a private computer, the information should be adequately encrypted.

PROJECT END

Estimated end date of the project is 31.05.2018. According to the notification form all collected data will be made anonymous by this date. Making the data anonymous entails processing it in such a way that no individuals can be recognised. This is done by:

deleting all direct personal data (such as names/lists of reference numbers)

deleting/rewriting indirectly identifiable data (i.e. an identifying combination of background variables, such as residence/work place, age and gender)

deleting digital audio and video files

APPENDIX: C. INTERVIEW GUIDE

Interview guide for members of staff

A. Background

What position do you hold in the project?

For how long have you been working on the project?

What is your role in this project?

When was village bank first launched in this area?

What is the major target group of the village bank project here?

How many clients do you have?

How is the demand of your project here?

B. Group formation

How are borrowing groups formed?

To what extent do you influence group formation?

How easy or difficult are the groups formed?

What are the advantages or disadvantages of group lending?

What is the minimum or maximum number of members in each leading group?

Any reports of conflicts during group formation?

C. Loan conditions

Describe the loan conditions that borrowers have to fulfil before they are given a loan?

How comfortable are your clients over your conditions of village bank in this area?

What information do you need to make clear to borrowers before they are given loans?

How often do your clients default? What reasons do they give for defaulting?

How does village bank react to defaulting groups?

What factors determine the size of the loan?

Do you think borrowers are satisfied with the loan size, explain?

What services accompany the loan to ensure that your money is safe in the hands of the borrower?

How is the interest rate?

How comfortable are your clients over the interest rate?

From your own experience, what conditions are a major challenge to borrowers and why?

If given chance what would you change?

D. Loan usage

What do your clients say they want to use the loan for?

Are the loans used as indicated in the application?

Do you make follow-up to establish what loans are used for?

Any unintended use of loans that you have discovered?

As a government department are you satisfied with the way the loans are used?

E. Problems, Benefits and Aspirations

What problems do your clients face in regards to using the loan in income generating activities?

What challenges do your clients face in relation to the repayment process?

How have your loans improved the living condition of your clients?

If the loans have not led to improvements in their living condition, what factors do you think might have accounted for this? Explain

What do you think can be done to enable participants in village bank benefit substantially?

What can you say about the growth of the project from its inception?

How did participation in village bank enhanced or inhibit their relationship with other people around them e.g. spouse, children, friends, relatives?

In your view, what could be done to improve the village bank scheme?

What could be done to ensure that village bank reach the neediest groups?

Is there anything about problems, benefits and aspiration I have left out you want to say?

F. Concluding comments

Do you have any recommendations regarding the operation of village bank in this area?

Are there other things about village bank I did not ask, that you would like to share?

Thank you, for sparing time out of your busy schedule for this interview.

interview guide for program beneficiaries

A. Background

How old are you?

What is your marital status?

What is the size of your household?

Who is the head of your household?

What business activities do you engage in?

What is/are your reason for engaging into these activities?

When did you join village bank?

How did you know about village bank?

B. Group formation

How many are you in your group?

How did you find yourself in this group and not in another one?

How comfortable are you in the way your group was formed?

Is there a time you had a disagreement in your group?

If yes, what was the source of the disagreement?

If it was resolved, how was it resolved?

If given a chance today would you choose the same group, why?

C. Loan Conditions

Describe the loan conditions that you had to fulfil before you were given a loan?

How comfortable are you over the conditions of village bank in this area?

How often do you default? What reasons do you give for defaulting?

How does project staff react to defaulting groups?

What factors determine the size of the loan?

As a borrower, are you satisfied with the loan size?

What other services do you receive from the project staff?

How is the interest rate?

How comfortable are you with the interest rate?

From your own experience, what conditions are a major challenge to you as a borrower? Give reasons.

How satisfied are you in the operation of village bank in this area?

If given chance what would you change?

D. Loan usage

How much did you want to borrow from village bank?

How did you want to use this amount?

How much did you apply for?

What did you say you wanted to use the money for?

How much were you given?

Did you use the money according to what you indicated in your application?

How did you use the loan?

If the same loan was given to you today, would you use it the same way?

E. Problems, Benefits and Aspirations

What problems do you face in using the loan in income generating activities?

What challenges do you face in the repayment process?

Did the loan lead to improvement in your living condition? If yes, how?

How are you able to sustain the improved living condition without further credit support?

If the loan has not led to improvement in your living condition, what factors might have accounted for this? Explain

What do you think can be done to enable participants in village bank schemes benefit substantially?

What problems are you facing in your daily activities? Mention them.

What do you think can be the most practical solutions to the problems mentioned above?

In your view, what can be done to improve the village bank scheme?

F. Concluding comments

Do you have any recommendations regarding the operation of village bank in this area?

Are there other things about village bank I did not ask, that you would like to share?

Thank you, for sparing time out of your busy schedule for this interview.

APPENDIX D: Pictures from fieldwork: July – October 2018



Grocery shop for one of the beneficiaries



Vegetable garden for one of the program beneficiaries



Peanut butter processing



Tailoring and sewing



Vegetable market

House for one of the beneficiaries



House built of the profits made from village bank program