



FULL COLOUR THINKING

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**Comparative Assessment of Matching Grants and Microcredit Interventions in  
Improving Livelihood of Peasant Farmer in Mazabuka District, Zambia**

A Thesis presented to  
The Graduate School of Business  
University of Cape Town

In partial fulfillment of the requirements for the  
Masters of Commerce in Development Finance Degree

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## **ABSTRACT**

*Financing peasant farmers using sustainable and effective approach can reduce poverty level significantly among peasant farmers. Development Institutions and government deploy various financing models to fund peasant farmers as a means of intervention to alleviate poverty. This study assesses and compares two financing model i.e. matching grants and microcredit in order to know which model has greater impact in improving livelihoods of peasant farmers so that it can be advocated for as a model best suited to fund peasant farmers. The respondents for the study are peasant farmers who have accessed funding from Vision Fund Zambia a microcredit institution and Smallholders Agriculture Promotion Program an Institution that provides matching grants. The study is based on assessing livelihood improvement of peasant farmers using Care International framework that is focusing on capabilities, economic activities and assets. A total of one hundred and forty six respondents were selected using simple random procedure. The data was analysed using statistical package for social science (SPSS). Using descriptive statistics and focus group discussions, the finding shows marginal difference in livelihood improvement between microcredit and matching grants on assets and capabilities of the respondents. Matching grants exhibit higher impact on economic activities of the recipients as compared to microcredit. The study recommends that institutions offering matching grants must consider streamlining the process of project approval and disbursement while microcredit institution must tailor their services to client's needs and charge interest taking into consideration the vulnerability context. Overall matching grants are a better model for financing poor and vulnerable peasant farmers.*

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## ACRONYMS AND ABBREVIATIONS

AAAA	Addis Ababa Action Agenda
ADSP	Agribusiness Development Support Programme
BOZ	Bank of Zambia
BRI	Bank Rakyat Indonesia
CGAP	Consultative Group to Assist the Poorest
CSO	Central Statistics Office
DFID	Department of Finance for International Development
FAO	Food for Agriculture Development
FGDs	Focus Group Discussions
FSDP	Financial Sector Development Plan
FSR	Financial Sector Reform
GB	Grameen Bank
GDP	Gross Domestic Product
GPF	Global Policy Forum
HLSF	Household Livelihood Security Framework
IDF	Innovative Development Financing
IFAD	International Finance for Agriculture Development
IMF	International Monetary Fund
MBT	Micro Banker Trust

MDGs	Millennium Development Goals
MFI	Microfinance Institutions
NGO	Non-Governmental Organization
ODA	Official Development Assistance
PSDRP	Private Sector Development Reform Program
SAPP	Smallholders Agribusiness Promotion Programme
SDGs	Sustainable Development Goals
SLF	Sustainable Livelihood Framework
SPSS	Statistical Package for Social Science
SSA	Sub Saharan Africa
UN	United Nations
UNDP	United Nations Development Program
VFI	Vision Fund International
VFZ	Vision Fund Zambia
WB	World Bank
WSSD	World Summit for Social Development
WV	World Vision
WWB	World Women Banking
ZATAC	Zambia Agribusiness Technical Assistance Centre

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## CHAPTER ONE: INTRODUCTION

### 1.1 Research Area

In order to fight poverty effectively, human efforts and resources must be applied using a financing intervention model which can eradicate poverty among peasant farmers using sustainable approach. There are a number of innovative financing models for agriculture targeting at peasant farmers that includes amongst includes; microcredit<sup>1</sup> and matching grants<sup>2</sup> (Benthum, Nijkamp, & Hodges, 2013).The two financing models are among the tools for poverty alleviation which countries and development organizations employ in fighting poverty among peasant farmers in rural areas.

Microcredit is defined by Shukran & Rahman (2011) as the provision of very small amounts to poor people as capital to start or expand small businesses in order to enable them to raise income levels to improve their living standards .Microcredit model has been put to use since 1905 when Rabindranath Tagore created the Kaligram Krishi (Agricultural) Bank in Patishar village in the district of Naogaon. This was later confirmed by professor Muhammad Yunus as an effective model to fight poverty using Grameen Bank. A number of scholars such Sharma, (2005) confirm that access to microcredit asists in poverty alleviation through income generation,employment creation,attainment of good heathy and decent education and equips people to make better choices about their needs. Additionnally Mondal (2009) also affirms that microcredit is an effective financial inteventional tool in poverty alleviation and is widely used in Sub-Sahara Africa (SSA) as an interventional tool for poverty alleviation. In recognition of the need to alleviate poverty a microcredit summit was held in Washington D.C that resolved to have an outreach strategy to provide microcredit facilities to one hundred (100) million poorest families by 2005.

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<sup>1</sup> In this study microcredit is the provision of extremely small loan to impoverished people to sustain their livelihoods and move out from poverty. The recipient is required to pay back the loan amount with interest

<sup>2</sup> In this study matching grants is a proportion of money that the recipient pays as outlined in the grant agreement in order to access total grant. It is an incentive for empowering impoverished people to sustain their livelihood and move out from poverty. The recipient only pays the contribution and access the grant

In Africa traditional financial institutions have failed to provide financial services to the poor, and microcredit institutions<sup>3</sup> offering microcredit facilities have developed over the years to fill this gap (Blavy, Basu, & Yülek, 2004). On the supply side, microcredit could be the best instrument to bring about poverty eradication by loosening constraints on capital, opening doors for investment, smoothing consumption over time and meeting emergency liquidity needs. On the demand side, microcredit institutions could mobilise poor people's savings and enable them to accumulate returns on their deposits (United Nations, 2008).

On the other hand, a relatively new model of financing at micro level called matching grant is emerging and gaining momentum among developmental organizations (Smith, 2001). Developing countries and development organizations such International Finance for Agriculture Development (IFAD), the World Bank (WB) and other bilateral and multilateral organizations commonly use matching grants to cofinance productive assets and investments in rural areas (Rajalahti & Farley, 2010). According to Mckenzie (2015) matching grants is defined as the provision of finances in form of grant with the condition that the recipient avails a proportional part as contribution in order to access the facility. Matching grants is a good vehicle to use in collecting financial market failure relating to remote areas with extreme financial constraints and therefore considered as best financing model for poor peasant farmers. Matching grants also aids in taking finance for development to the need areas and in this particular to the poor peasant farmers. Similarly as the case with microcredit, well designed and implemented matching grants model is very effective as regards to poverty alleviation among poor peasant farmers (Mckenzie, 2015).

Globally microcredit and matching grants interventions play a critical role in meeting the financial needs of households and microenterprises. Professor Mohammad Yunus the founder of Grameen Bank learnt from the poor people themselves that the main cause of poverty

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<sup>3</sup> In this study microcredit Institutions are organisation that provides small loan to impoverished people. Its part of microfinance organizations that provides a wider range of financial services to poor people without asking for traditional collateral but rather asks for innovative collateral in form of group guarantee. The word microcredit and microfinance has been used interchangeably.

among the poor was lack of access to finance (Sengupta & Aubuchon ,2008).Therefore in order to break the barriers of access to finance in form of credit a new method of credit delivery to poor people was innovated. The model uses group guarantee as collateral unlike the conventional banking systems that usually require the use of property as collateral. The new transformative credit delivery method is based on group lending using trust as social asset to guarantee the loan settlement.

In Zambia both matching grant and microcredit models are employed in financing peasant farmers, however it's not known as to which model has greatly impacted on the target audience. Notwithstanding this, the Institutions offering both microcredit and matching grants have continued to gain popularity among rural developers as a viable tool for improving rural agricultural practices and the diversification of economic activities of smallholder farming households in rural Zambia.

## **1.2 Background**

Addis Ababa Action Agenda (AAAA) on financing for development a conference by heads of state, government and high representatives resolved to end poverty in all its forms and conclude the unfinished business of the Millennium Development Goals (MDGs).The summit deliberations also acknowledged that close to eight hundred (800) million people are undernourished with the majority living in rural areas where the majority depends on agriculture for their livelihood. The conference emphasized the need to revitalize the agriculture sector, promote rural development and ensure food security in developing countries in a sustainable manner which ultimately shall lead to sustainable development in alignment with the shift in focus by United Nations (UN) from Millennium Development Goals (MDG) to Sustainable Development Goals (SDG) (United Nations Conference, 2015).

As outlined and promulgated on 13 – 16 July 2015 during the Addis Ababa Action Agenda it's true that poverty in Africa is a rural phenomenon .About 70% of the total population resides in rural areas with up to 45 % of the continent living in sheer poverty (January 2000). Sub-Saharan Africa remains the world's poorest region with the highest headcount poverty rate around 48% (Sustainable Development Solutions Network, 2012). The main stay of their

living is agriculture and micro businesses. The study by Irz, Lin, Thirtle, & Wiggins (2001) about agriculture productivity and growth and poverty alleviation confirms that agriculture has direct effect on improving the living standards of the poor people through food and nutrition security; rural development; household income and assets and natural resources and the environment, but it also indirectly affects many other sectors and Zambia is not an exception.

Zambia is ranked 141 out of 187 countries in the world on human development index and is classified as one of the poorest countries in the world (UNDP, 2014). Furthermore, according to the Living Condition Monitoring Survey (2010) the people of Zambia are predominantly poor. According to Central Statistics Office (CSO) of Zambia (2010), the population of Zambia is estimated at thirteen (13) million and sixty five percent (65%) are rural dwellers who depend entirely on subsistence agriculture for their livelihoods. Rural poverty remains endemically high at eighty percent (80%) compared to thirty four percent (34%) in urban areas as of 2006 (Chapoto, Banda, Haggblade, & Hamukwala, 2011). In order to alleviate poverty in rural areas it is inevitable that farming is given a priority starting with peasant farmers who account for eighty percent (80%) of the Zambian farming community. In the last decade small scale enterprises and agriculture has been identified as the engine for economic growth for they provide stable employment, improved incomes among producers, improvement of social services such health facilities, education and sustainability of food security for the population as well as the much needed external foreign earning from export of excess products (Mellor, 2014).

Zambia has a total area of seven hundred and fifty two thousand, six hundred and twelve (752,612) square kilometers which is equivalent to thirty nine (39) million hectares and about fifty eight percent (58%) of the thirty nine (39) million hectares is classified as having medium to high potential for agricultural production. However less than half of potential arable land is cultivated (IFAD 2011).

The Zambia government, donor agencies and other cooperating partners have been providing both matching grants and microcredit facilities targeted at peasant farmers as a means of easing access to finance required for improved productivity at farmer level through

acquisition of improved inputs and ultimately to alleviate poverty. However despite the above efforts and initiatives the majorities of rural peasant farmers in Zambia still remain and continue to live in abject poverty notwithstanding that some of them has had access to matching grants and microcredit. Available statistics indicate that the poverty level remains high at eighty percent (80%) in rural areas (Sitko et ,2011).

According to Butler (2007) access to finance can invigorate agriculture sector and motivate rural peasant farmers to cultivate more land for higher yield and better farm produce. Currently the choice of financial model targeting small scale farmers by the Zambian government and developmental organization is not based on the comparative impact attribute to a specific model and this information is lacking at the moment. Interventions model not based on such information may not deliver the desired impact to the beneficiaries. Therefore, it is important to understand the comparative impact of the two financing intervention models being used by the government of Zambia and developing partners for effective delivery of financial services to small scale farmers and attain the desired impact among the target group. Hence, the purpose of the study is to undertake a comparative assessment of matching grants and microcredit interventions in improving livelihood among peasant farmers.

### **1.3 Problem Statement**

Peasant farmers are financed by both microcredit and matching grants with a view to alleviate their high poverty levels .The purpose of both matching grants and microcredit is to assist the rural dwellers in particular the peasant farmers to improve their living conditions .Whilst it is the desire of government and supporting donor agencies that the peasant farmers and other rural dwellers in Zambia attain self-sustenance in their livelihoods through; improved income household assets and food security, it is however not clear which model of the two is more effective in poverty alleviation among peasant farmers. If this continues resources and human efforts will continue to be used on an ineffective model which in the long term is not sustainable.

The findings of this study will therefore enable policy makers and development institutions to apply their resources and human efforts using a model which has a greater impact on

improving livelihood of the peasant farmers. Further the implementation of recommendation of this study shall assist in attainment of sustainable development goal number one of the United Nations to reduce poverty and contribute towards Zambia becoming a middle income country by 2030

#### **1.4 Objectives of the study**

The general objective of the study is to undertake a comparative assessment of matching grants and microcredit interventions in improving livelihood of peasant farmers in Zambia. The goal is to establish which model is more effective in improving livelihoods of peasant farmers; thus effort and resources can be channeled through the most suitable intervention model in order to combat poverty effectively using the most economic and sustainable approach. To achieve the aforementioned there are three specific objectives.

#### **1.5 Specific Objectives**

- To compare the economic activities conducted by beneficiaries of matching grants and microcredit
- To compare microcredit and matching grant beneficiaries capabilities
- To compare the assets acquired by beneficiaries of matching grants and microcredit.

#### **1.6 Research questions**

- What economic activities are conducted by beneficiaries of microcredit versus matching grants
- What capabilities have the beneficiaries developed as a result of accessing matching grants versus microcredit
- What assets have the beneficiaries acquired as result of accessing matching grants versus microcredit

## 1.7 Research Rationale

Microcredit and livelihoods is an important area of research and accordingly there have been increased scholars who have done studies on the subject. However the area of matching grant and livelihoods improvement is under researched hence there is little data of their effectiveness or influence in promoting productive and profitable investments (Smith, 2001). This study therefore shall extend the knowledge fence on the effectiveness of matching grants on livelihoods with focus on peasant farmers in Zambia.

While a number of studies have been done the focus is more on microcredit as strategy on poverty reduction using livelihood models to measure its impact. A thesis by Chikopela (2014) centered on livelihood of small scale farm households, their food security status and the challenges they face to meet their livelihoods in Nankanga Agriculture Camp of Kafue District Southern in Zambia. In addition the study by Phiri (2011) looked at the impact of a microcredit in poverty alleviation in rural villages of Southern part of Zambia with a theological view on financial sustainability. Further a study by Mondal (2009) covering Sub-Saharan African (SSA) countries in which Zambia is included focused on poverty reduction in relation to the socio-economic infrastructure of the region, its land tenure system, and particularly the growth of microcredit and micro entrepreneurship. Another study by Copestake, Bhalotra, & Johnson, (2001) focused on the impact of microcredit on poor people in Southern province by assessing improvement in household assets and outreach. It was a case study of PULSE a micro financing institution.

From academic score this study acknowledges the widely view by scholars that microcredit and matching grants do improve livelihoods but it's not known which model is effective and best suit to resolve poverty levels among peasant farmers . Additionally this study is different from other studies because it's a comparative assessment of the intervention models with peasant farmers as the target group which based on literature available has not been done to date. Therefore this study takes a look at appreciating the effectiveness of the two models, matching grants and microcredit so that government and international community can apply their efforts and resources in poverty eradication using the most effective financing model among peasant farmers.

Further the vulnerable and impoverished live in rural areas. It is estimated that a total of 65% of Zambia are rural inhabitant and most of them are poor peasant farmers. The governments of Zambia have adopted the use of microcredit and matching grant schemes as strategies to eradicate poverty among the peasant farmers. A lot of microcredit and matching grant initiatives in collaboration with other stakeholders are in places, such as Smallholders Agribusiness Promotion Programs (SAPP), Micro Banker Trust (MBT), and Zambia Agribusiness Technical Assistance Centre (ZATAC) Government driven Cooperatives and many others are in place. This is in a bid to serve the rural communities better especially the peasant farmers. However, there has been a growing effort under the financial sector reform (FSR) to expand, improve and consolidate rural financial services. Thus, this study will inform the most effective mode of financing poverty alleviation among small scale farmers in Zambia and enable achievement of desired objective of reduced poverty and contribute towards Zambia becoming a middle income country by 2030.

This study will also extends the knowledge boundary on the effectiveness of matching grants and microcredit on livelihoods and facilitate development of appropriate financing intervention for poverty alleviation across Sub Saharan Africa (SSA).

### **1.8 Limitations**

This research focuses on understanding the most effective mode of financing peasant farmers using microcredit and matching grants. It is narrowed on peasant farmers but more specifically to those predominately in rural setting. That means that the research pays limited attention to the usual evaluation inclination to institutional assessment. Therefore the study shall not assess the internal systems of an institutional (credit methodology) which equal has a bearing on the effectiveness of the microcredit and matching grant schemes , but just focus on the intervention impact in terms of improved livelihood of the target audience. Further the selected community might have inherent inhibiting factors to improved livelihoods which might not necessarily relate to the pitfalls of implemented microcredit and matching grant interventions.

The research does not compare the impact across diversified microcredit and matching grant institutions hence the selected recipient of microcredit and matching grant may be affected by institutional capacity to meet peasant farmer's requirements. It is also possible that individual clients or beneficiaries may have inherent different capacity which to some extent could affect the basis for comparison.

## **1.9 Study outline**

This study consists of six chapters which are outlined as follows; the first chapter presents the research area, background of the thesis and a statement of the problem, research objectives, research question, and rationale of the study, limitation of the study as well as outline of the dissertation.

Chapter two reviews relevant literature relating to microcredit and matching grants; chapter three details the research methodology; chapter four covers research findings, analysis and discussions; chapter five focus on research conclusions and chapter six makes recommendations for future research.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This Chapter reviews empirical literature relating to agriculture innovative financing models in particular microcredit and matching grants that are used in fighting poverty among peasant farmers elsewhere as well as in Zambia. The chapter shall delve into a holistic livelihood framework from theoretical perspective and also reviews the empirical literature on the role of agriculture in poverty alleviation.

### **2.2 Innovative Agriculture Finance**

Innovative Agriculture Finance is financing instrument of delivering finance at community or village level to meet the funding needs of peasant farmers (Ernstberger & Rajalahti, 2010). Innovative financing mechanism available for smallholder's farmers includes; competitive research grants, commodity exchange, warehouse receipts, fair climate funds, social impact funds, social and environment impact oriented funds, private public partnership, micro financing as well as matching grants. According to Bentum et al (2013) the decrease in Official Development Assistance (ODA) in recent past has led to discovery of Innovative Development Financing (IDF) mechanisms.. The main source of funding is from private sector, governments, public sector and from philanthropic.

### **2.3 Microcredit Institutions**

Most Microcredit Institutions are formed to provide small loans to low income clients while some provides both micro loans and deposit taking. Microcredit Institutions are formed by different institutions that include the Banks, government, specialized financial institutions such as the International Finance for Agriculture Development (IFAD) and Non-Governmental Organization (NGOs).The main objective of microcredit institutions is to provide credit at micro level targeting mainly the poor as a means to intervene in poverty alleviation.

Microcredit is one of the innovative anti-poverty finance model and its defined by Tripathi (2014) as a provision of thrift, credit and other financial services and products of very small

amounts to the poor in rural, semi-urban areas for enabling them to raise income levels and improve living standards. The International Monetary Fund (IMF) define Microcredit as part of the money market solely to assist micro business, the vulnerable households and poor that have no access to institutionalized financial system in mobilizing savings and access to financial services (Blavy et al 2004).

The needs of poor people are complex and therefore require diverse solutions in order to escape the poverty trap. Therefore in order for microcredit in Zambia to be effective they must reach out the financially excluded using latest technology and tailor the facilities to the needs of the people. The facets of life and trends keep on changing and therefore with advancement of information technology and globalization the approach in service delivery should take into account the trends and local conditions, to reach out the majority poor and vulnerable people in society. According to Lidgerwood Joanna (2013) microcredit institutions should focus on financial inclusion using branchless banking model and reach out to many using mobile money transfer, biometric identity, smart phones and wireless broad band internet access.

In Zambia the government is currently implementing private sector development reform program (PSDRP) which encompass the financial sector development plan (FSDP). The project is coordinated by Bank of Zambia (BOZ) on recognition that access to finance by rural dwellers can accelerate the rural economy development. The survey conducted by Finscope (2010) shows that sixty six percent (66%) of rural dwellers and fifty eight percent (58%) of people in urban areas are excluded from the formal financial market .Therefore in order to speed up rural development ,the government and other stakeholders must consider the use of mobile money transfer and branchless model as a vehicle to make available financial services for the rural community and peasant farmers who make the majority of rural dwellers. This is consistent with the finding from the study done by Qiang & Kuek (2012) which show that mobile applications for agricultural and rural development in particular hold significant potential for advancing development. He further states that using mobile application platform could provide the most affordable ways for millions of people in rural areas to access finance.

### 2.3.1 Microcredit Approaches

There are two broad approaches regarding the best way of delivering financial access to the poor. The two approaches are the Institutionists and the Welfarists. According to International Finance for Agriculture Development (IFAD), (2001, p. 5) as cited by de Haan & Lakwo (2010) the Institutionist approach is based on the argument that in order to contribute to sustainable poverty alleviation, microcredit institutions must be viable, sustainable and should be run on the going concern as a business rather than providing donations as a charity. Woller, Dunford, & Woodworth (1999) also argue that Institutions offering microcredit must be profitable in order to sustain the provision of microloans and reach out to many poor people. The view of the Institutionist is that microcredit organisations must be dominated by large scale institutions that must provide high quality financial services that must be easily accessed by many clients the poor people. According to Rosenberg, Gonzalez, & Narain (2009) the Institutionist approach is underlined on financial self-sufficient and therefore they give credit to the poor at an economical interest rate in order to cover all the costs. They believe that giving credit at higher profit margin enables the institution to build capacity to extend credit to new clients and ultimately have greater positive impact on poverty alleviation. The Institutionist approach takes the view of United Nations (UN) on development goals that are now moored on sustainability as the case with the move from millennium development goals (MDGs) to sustainable development goals (SDGs).

On the other end the Welfarists have the view that the core value of microcredit is a moral issue to improve the living standards of the poor even if it calls to subsidise their operations. Their argument is that the poor are vulnerable and profiting from them in the pursuit of service provision is unethical and immoral. They particularly view that charging higher interest rates makes the already poor people more poor hence defeating the purpose of microcredit as a tool for poverty alleviation. From the Welfarists perspective it's imperative that poverty alleviation should be viewed as charity rather as a profit making venture. Furthermore according to Christen (2001) cited by Dalton & Wilson (2012) the Welfarists perspective focuses on depth of outreach and advocates for institutions offering microcredit to adhere to the core objective of serving the very poor which is the original objective of their

existence. In addition Welfarists scholars in particular Murdoch 1998, Woller et al. (1999) cited by Dalton & Wilson (2012) argue that institutions offering microcredit can be self-sufficient and viable by obtaining unconditional aid and receiving regular stream of subsidies.

The debate from both Welfarists and Institutionist is length and on-going due to continued existence of poverty despite the existence microcredit institutions. Most development practitioners and scholars agree that microcredit institution should have a double bottom line approach to include outreach and sustainability. According to Balkenhol & Hudon (2011) cited by Verryn (2014) they too argue that most organisations offering microcredit facilities have a combination of financial sustainability and social impact as their objectives in their mission statement policy which confirms that they share both the Institutionist and Welfarists point perspective.

### **2.3.2 Microcredit Development**

The popularity of microcredit as an effective anti-poverty financing model is traced from the success works done by the Nobel Prize winner and father of rural finance Professor Mohammed Yunus with the Grameen Bank (GB). In addition the innovation by Bank Rakyat Indonesia (BRI) on the success of village banking demonstrates that microcredit is indeed a model that can change poor people livelihoods. It is from these grand achievements that microcredit gained global attention as a model to propel efforts and resource to fight poverty sustainably. Further microcredit institutions in contrast with traditional formal banking approach's use social asset i.e. group guarantee as collateral to provide small loans and meet the financial demands by the poor. These success stories set a turning point in the global microcredit institution landscape by setting a foundation for provisions of services such as microcredit, micro saving, micro-insurance, and micro leasing supported by other non-financial services (IFAD, 2001). Since then microcredit institutions is recognised as an effective poverty alleviation model and various development institutions such as; NGOs, banks, government have adopted and formed organisation operating as microfinance with focus on improving livelihood of the poor and vulnerable people living in areas with severe financial constraints.

### **2.3.3 Microcredit Model**

According to Mondal (2002) cited by Mondal (2009) the concept to use collateral free microcredit started in Bangladesh at the start of the 20th century when Rabindranath Tagore founded the Kaligram Krishi (Agricultural) Bank in Patishar village in the district of Naogaon in 1905. Tagore originated group based microcredit program with a goal to assist the vulnerable poor peasant farmers who were failing to meet the rental obligations on the land they cultivated. As representative landlord family he tailored microcredit facilities according to requirement of the poor by providing microcredit facilities to the groups, based on trust as a social asset. The original microcredit model had a mandatory condition that a group of five individuals should make an application for a loan on behalf of one member. The group offered surety of settlement of a loan offered to one member at a time. Once a member in the group has managed to settle the loan, another member of the group may qualify for a fresh loan or a second loan may be granted to a non-defaulting client.

The transformation of microcredit model into what has become a global tool for poverty eradication is credited to the Nobel prize winner professor Muhammad Yunus following the Grameen Bank project success that he initiated in Bangladesh of providing microloans secured by group guarantee unlike the conventional banking of using collateral as security for the loan. The model is similar to one used by Rabindranath Tagore. According Yunus (2003) the traditional group lending is maintained except that the first potential borrower must convince another person to become a member of the group. Thereafter the group must recruit more members to bring the group to five after which two members should apply for the loan. Principally microcredit model globally operates around group lending mechanism as means to reinforce the use of collateral free loans.

### **2.3.4 Microcredit and Poverty Alleviation**

United Nations Summit on World Social development “the Copenhagen declaration” defined poverty as a state of lack of basic human necessities that includes food, health, safe drinking water, sanitation facilities, shelter and information. When people are unable to meet basic human needs regardless of the income they earn are classified as poor. However the

World Bank use income level to measure poverty and a person earning income below the poverty line is considered to be poor.

The provision of microcredit facilities in other countries has helped in poverty alleviation. According to Khandker (2005) on the study about microfinance and poverty shows that providing microloans targeted at female members and at village level does improve livelihoods and ultimately alleviate poverty. Another study done by Mawa (2008) on the impact of microfinance towards poverty alleviation in Bangladesh using Grameen Bank recipients as respondents shows that microcredit is an effective poverty intervention model particularly in remote rural areas where there is no access to financial services. In addition the study by Girabi & Mwakaje (2013) on smallholders farmers productivity in Tanzania shows that credit beneficiaries had higher yield than non-credit beneficiaries. Similarly in Bangladesh apart from the success story of the Grameen Bank the impact of microcredit has been positive on both economic and social factor due to increased number of Microfinance institution that offers small loan to poor people

On the Contrary study by Zeller & Meyer (2002) on the impact of microfinance on poverty shows that elements of poverty are intricate and go beyond mere availability of credit and simply giving small loans (microcredit) to the poor is not an absolute assurance to relieve all the constraints that prevent them from escaping poverty. On the same score a study by Adams & Bartholomew (2010) on the impact microcredit on maize farmers in Nkoranza in Ghana shows that the effect on social and wellbeing is very marginal. In a similar study on the impact of microcredit in rural farmers in Malawi done by Aguilar (2006) and cited by Adams & Bartholomew (2010) shows that farmers who borrowed from microfinance were not better than those who did not borrow.

While there are studies that show positive impact and those that indicate insignificance impact, what is really critical is the use of credit by the recipient. If credit is used for consumption, the recipient will not be able to generate income to meet the repayment. However if credit is used in income generating activity, it is likely to have positive impact on livelihood. In order to realize positive impact, there is also need for microcredit institutions to

provide and empower peasant farmers with livelihood skills so that they attain core capabilities in basic financial management, marketing and market development.

### **2.3.5 Microcredit Markets in Zambia**

The financial market in Zambia has gone through transformation starting in 1990 following the closure of a number of commercial banks and rural financial institutions that includes; Lima bank, Cooperative bank and Zambia Cooperative Federation financial services (Munzele, 2003). These changes in the market left a huge financing gap for peasant farmers and other micro business in rural areas. In view of the above and considering high incident and persistent poverty in the country the government recognised the role microfinance institutions plays in poverty alleviation through access to finance by the poor and vulnerable people both in urban and rural areas. In same premise the government through Bank of Zambia and the ministry of finance enacted the Banking and Financial Services Microfinance Regulations (MFRs) which became law on 30 January 2006 (Dr Chiara Chiumya, 2010). The objective of the Act is to provide enabling environment for proper and effective functioning of microcredit institutions in delivering financial services in the country.

According to Agri-ProFocus Zambia (2014) the microcredit market in rural part of the country is still under development as revealed following a survey conducted on microfinance market in Zambia. Notwithstanding the rural market development a lot of ground on the urban side has been covered by microcredit institutions and it's estimated that there about three hundred microfinance entities currently in operation in Zambia (mftransparency, 2011)

### **2.4 Matching Grants**

Matching Grants (MGs) is one of the innovative financing mechanisms to channel finance to smallholder's farmers in areas with severe financial constraints. MGs are short term financing aimed at promoting farmer groups to carry out social economic community empowerment projects as alternative to expensive capital from traditional financial markets. The grants and matching contributions can be either in form of cash or in kind and in certain circumstance it could be a combination. According to Smith (2001) multilateral and bilateral institutions such as International Finance for Agriculture Development (IFAD) and the World Bank (WB) have

increasingly been using matching grants to cofinance productive assets and investments in communities, targeting farmer groups and individuals. They are also used as vehicle to access other formal financial services such as loans from commercial banks to use as matching contribution in order for the recipient to access the full grant (IFAD, 2014a). The use of matching grants is broad and covers both public and private goods. Traditionally matching grants have been used for technology development, market development, enterprise agribusiness development and for support and services targeting group farmers (Rajalahti & Farley, 2010). MGs can however impair the financial markets in rural areas if they are used frequently in financing the poor in areas with severe financial constraints. They can also crowd out private and public investments if they are poorly designed and wrongly implemented. According to Bentum et al (2013) the risks associated with MGs can be mitigated by ensuring that the size of the grant is for use as incentive rather than as a competitive advantage. In addition the grant should target the vulnerable in order to avoid market distortions.

In Zambia there are a number of projects which are financed through matching grants. In particular the Government of Zambia in partnership with International Finance for Agriculture Development (IFAD) support a project under the Ministry of Agriculture and Livestock called Smallholders Agribusiness Promotion Programme (SAPP). The project target smallholders in promoting market linkages, promotion of value chain development and higher produce. In addition (Rajalahti & Farley, 2010) highlights the World Bank project that is run in partnership with the government of Zambia under the Ministry of Agriculture and Livestock called Agribusiness Development Support Programme (ADSP) which also target smallholders. The project objective is to support market linkage, technical assistance, technology training, capacity building and promotion of value chain development. Both SAPP and ADSP support agribusiness in Zambia using matching grants.

#### **2.4.2 Matching Grants Model**

In order for the model to work effectively it's imperative to pre-set eligibility and selection criteria of the intended participants. The Institution implementing matching grants must assess availability of different type of financial services in the area where the targeted audience is

found. The details of possible projects that will empower the local community should be identified. In addition the target group income levels should be assessed to know the capacity and ability to cofinance the investment and also meet working capital requirement. The model should define approval procedures of the proposal from participants as well as the expected indicators for measuring the project impact.

### **2.4.3 Matching Grants and poverty alleviation**

Study by Butler (2007) on the effect of finance on productivity shows increased productivity in areas that had strong access to finance. Increased agriculture product yield not only does it provides food security but it is also the source of job creation, export earnings and general welfare improvement as regards to health and education. In Ghana a study done by International Finance for Agriculture (IFAD) in collaboration with Food for Agriculture Organisation (FAO) on the link between access to finance and matching grants shows that a number of commercial banks would continue to offers such loans as matching grants recipients that accessed finance had better loan repayment record (IFAD, 2014a).The thrust on this score clearly demonstrate increase in income from the beneficiaries and underscore positive effect against poverty. Similarly Feijen (2006) show that development of financial services significantly reduce hunger. In addition the study to evaluate the impact of matching grants in Yemen by Mckenzie (2015) shows that matching grants led to more product innovation ,improved accounting system, increased marketing, increased capital investments with higher expectation of sales increase. In addition a research policy working paper of the world bank by Phillips (2001) on evaluation of ten matching grants funds concludes that matching grants does address the need to build capacity to support businesses. Empirical evidence highlighted above show that matching grants is an anti-poverty financing model.

However studies on matching grants project in Africa on a random selection basis by Coville & Fernandes (2012) shows contrary results mainly due to limitations in project delay emanating from political interference in project implementation. Another reason cited are delays in fund disbursement and luck of incentives for the staff managing the project. Similarly the finding of Phillips (2001) after evaluating ten matching grants funds concludes that performance is mixed mainly due to poor design and implementation.

## **2.5 Sustainable Livelihood Conceptual Framework (SLF)**

Sustainable livelihoods conceptual framework is a model used for analyzing livelihoods by research and applied development organizations including the Department of International Development (DFID), United Nation Development Program (UNDP), nongovernmental organisation (NGOs) such Care International and OXFAM (Adato & Meinzen-Dick, 2002).

The framework is applied in identifying causes of poverty, people's access to resources, livelihood activities and their linkages. It is an analytical tool for understanding the complexity of livelihoods, and the impacts on poverty and for assessing and prioritizing areas where interventions can best be made. The framework can be used to various scales of livelihoods analysis, for individual livelihoods, the community and even a nation.

According Carney (2003) sustainable livelihood (SL) approaches can add value to efforts in reducing poverty. However particular attention and effort should focus on identifying where SL approaches are most effective as well as managing the gaps in institutional approach. In this study the Care International theoretical model has been adapted to analyze livelihoods impact as it relates to economic activities, capabilities and household assets of peasant farmers

### **2.5.1 Household Livelihood Security**

“Household Livelihood Security is defined by Timothy R.Frankenberger (2002) as adequate and sustainable access to income and resources to meet basic needs that includes adequate access to food, potable water, health facilities, educational opportunities, housing, and time for community participation and social integration”. The framework places government responsibility in realisation livelihood strategies by putting in place adequate legal system, political stability, and public infrastructure. The study has adopted conceptual framework of CARE international household security framework that focus on helping the poorest and most vulnerable. The framework recognises the complexity of poverty and focus not only on food but also on other basic needs that a household need for living. The use of HLS is suitable for evaluating large scale poverty incidences in order to appropriate specific intervention according to vulnerability context. According to Drinkwater & Care (1999) the model rely

firstly by conducting a survey using secondary data to find areas where poverty is rampant and identify constraint factors, establish indicators to use for monitoring livelihood outcome and finally select the community for the intervention. It is from this paradigm preposition that HLS frame work has been selected as suitable model for the study in appreciating the vulnerability context of the study group. The main focus is livelihood promotion through community involvement, crop diversification and personal empowerment. Other focus area includes livelihood protection as well as livelihood provisioning.

In summary HLS framework place household as a centre of focus in their endeavours to resolve the poverty that has wreak havoc on human kind livelihood for many years. The role of government in the economy has a direct relationship in household security needs.

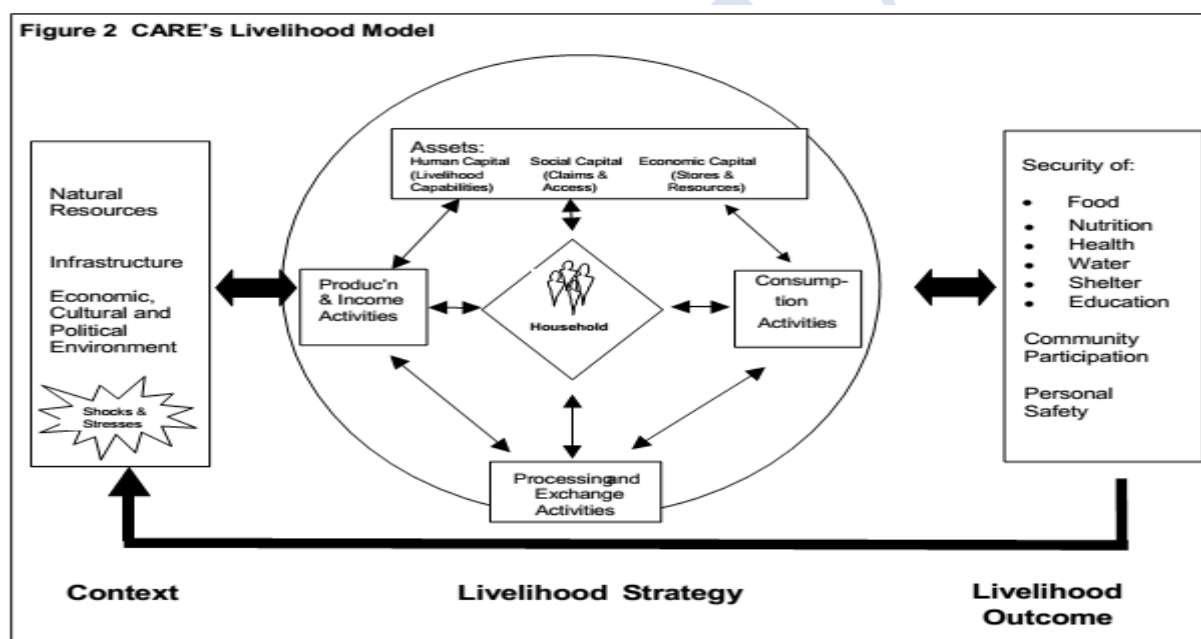


Table 2.1: CARE's Livelihood Model

## 2.6 Peasant Farmers Livelihoods and Empowerment

### 2.6.1 Peasant Farmers Livelihoods

Robert Chambers and Gordon Conway have defined livelihood at household level to comprise the capabilities, assets and economic activities required for a purpose of living. A household is deemed sustainable if it can cope and recover from stresses and shocks maintain and

enhance its capabilities and assets while not undermining the natural resource base (Lasse Krantz, 2001). According to IFAD (2011a) the livelihood of most poor households is constrained by; resource base, infrastructure, market access opportunities and the profile of householders themselves.

The livelihoods of rural dwellers the peasant farmers can be classified into three categories encompassing economic activities, social livelihood and capabilities. Economic issues include creation of employment, increase of income levels, food security and household assets. Social livelihoods are improvement in health and nutrition, social mobility, literacy and school enrollment (Ahmed, 2013). Capabilities are skills that peasant farmers should acquire and possess and apply them to create economic activities in order to enhance attainment of self-sustenance through effective utilization of assets.

### **2.6.2 Peasant Farmers Empowerment**

In order for Peasant farmers to attain self-sustenance, they must have capability to enable them to utilise resources at their disposal effectively. They should have capability to invest and be able to manage business ventures economically. CARE International puts particular emphasis on strengthening the capability of the poor people to enable them to take initiatives to secure their own livelihoods. The possession of human capabilities (such as education, healthy and access to assets) is a fundamental dimension of its approach on empowerment of the vulnerable poor peasant farmers.

### **2.6.3 Livelihood Strategies**

Livelihood strategies are activities that people undertake to achieve their livelihood living goals. Timothy R. Frankenberger (2002) defines livelihood strategies as a combination of non-farm and farm activities that together provide a variety of procurement strategies for food and cash. CARE framework identifies three fundamental attributes of livelihoods that include human capabilities i.e. such as education, skills, health, psychological orientation; availability of assets and economic activities. The interaction between these three attributes defines what livelihood strategy a household will pursue (Drinkwater & Care, 1999). Peasant farmer's livelihood strategies could encompass farming and non-farming activities as possible

strategies to alleviate poverty. Poverty comes about due to substandard livelihood strategies based on insufficient livelihood assets. Households are vulnerable to shocks and changes and/or policies, institutions and processes. Appropriate livelihood strategy must take into account the livelihood assets of households, the vulnerability context in which they operate, and the policies, institutions and processes around them.

#### **2.6.4 Livelihood Outcomes**

Poverty consists of attributes such hunger, lack of decent shelter, lack of access to clean water; insufficient food, poor nutrition and health, sense of exclusion and without political voice. While other scholars in case of Sen cited by Kakwani & Silber (2007) define poverty as having income below poverty line. However the perception of livelihood development is complex and subjective matter. A study by Turner & Hosie (2014) shows that poor people themselves perceive livelihoods improvement different and their views varies depending on the location, age and culture. Using the method developed by Alkire (2011) Livelihood outcome is the expected impact of the intervention on different deprivations that they suffer i.e. increase in people with access to clean water, food security etc. Additionally according to Landry (2009) and cited by Vifa (2011) highlight that Livelihood outcomes are the final livelihood findings as regards to the researcher design. There are improvements in household livelihood that come about as a result of measures aimed at poverty alleviation.

#### **2.7 Agriculture and poverty alleviation**

According to Diao, Hazell, & Thurlow (2010) the majority of persons in Sub Saharan Countries lives in rural areas where poverty and deprivation is most severe and depends entirely on agriculture as a source of their livelihoods. In addition according to Global Donor Rural Development (2011) three out of every four deprived people in developing countries live in rural areas and almost all depend upon agriculture. According to Rutten (2012) it is projected by many experts that by 2050, there will be an additional two billion or more people that will require food, nutrition and good healthy. In order to cope with the additional population it's estimated that agriculture production will need to increase by seventy percent (70%). However agriculture productivity is on the decline due to urbanization. It's therefore

against this background that agriculture should be the nexus in solving the challenge to meet the demand for expected food production. Agriculture therefore is the main form of rural economy. Well-designed agriculture policies can stimulate and accelerate national economic growth through stable employment creation, food security, a source of foreign earning through exports and it is also a fertile sector for private sector investment (World Development Report, 2008).

Rajalahti & Farley (2010) shows in their research on competitive funds that agriculture is a powerful resource for supporting sustainable development and reducing poverty in the twenty-first century. A study on the economic and agriculture characteristics of twenty-five (25) countries towards the achievement of Millennium Development Goals (MDGs) to halve the number of people in extreme poverty by 2015 shows that while economic growth was an important contributor to poverty reduction, the development in agricultural incomes was quite substantial (Cervantes-Godoy & Dewbre, 2010). In addition, the study to establish the relationship between agriculture growth and poverty reduction by Janvry & Sadoulet (2009) shows that agriculture has a direct effect on poverty reduction in rural areas and also has strong linkages on other sectors of the economy. Similarly, a paper by Anríquez & Stamoulis (2007) to establish the relationship of rural development and poverty reduction and the role of agriculture in rural development reinforces other scholars' conclusion that agriculture is still the starting point for rural development in developing countries.

Therefore, there is empirical evidence that clearly illustrates that agriculture is an effective tool for poverty reduction through stable job creation, food security, and increased income. Further, if peasant farmers are motivated to cultivate more land, it's expected that the yield per hectare will increase and thereby create more employment and increase in wages. This has a multiplier effect on the community through good nutrition, better health, and educated community, hence improved welfare for the rural community. It also stimulates other sectors of the economy through value addition on the food chain, which results in job creation on the upstream and downstream of the ordinary peasant farmers (Irz, Lin, Thirtle, & Wiggins, 2001).

However agriculture like any other sector of the economy has constraining factors that impede positive economic growth and poverty reduction. According to Dethier & Effenberger (2012) the main challenge in the development of Agriculture sector in rural areas includes; poor road network, information asymmetry, poor market linkages, isolation, poor storage facilities and infrastructure. In Zambia agriculture is the main economic activity in rural areas. The economy of the country has grown steadily in real terms but the contribution of agriculture sector to gross domestic product (GDP) has declined from 16% in 2001 to 12.6% in 2009 and therefore a source of concern on the efforts to meet the Millennium Development Goal to halve the people living in extreme poverty by end of 2015(Sitko et al., 2011)

## **2.8 Conclusion**

After reviewing all possible dynamics, theories, practices and research reports as they related to the area of study and the specific objectives; the literature reviewed has not adequately answered the specific objective of the study. In particular there is no evidence about comparative assessment on financing models relating to funding of peasant farmers in Zambia. Thus this has necessitated gathering empirical evidence in order to answer the study objectives

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter describes the research approach and strategy adopted in conducting the study. Therefore it shall run with the main themes starting with research methodology; study area; data sources; sampling method and sample size; data collection procedure; data collection instruments; data analysis and finally shall look at ethical considerations followed and observed during the entire study.

### **3.2 Research Methodology**

Cooper et al. (2003) define research design as the process of focusing on the researcher's perspective for the purpose of a particular study as cited by (Collen Masunda,2014).This thesis used mixed method research design that includes both qualitative and quantitative approach in answering the research objectives. The use of mixed methods is appropriate for this kind of study because some constructs set in the objectives relating to livelihoods development of peasant farmers such as economic activities and capabilities are complex and abstruse and shall accordingly be understood using qualitative approach while constructs such as household assets are tangible and hence the suitability use of quantitative approach .The two methods therefore complimented one another as opposed to be viewed as competing (Jick, 1979).

Mixed method research design is defined as “an approach to knowledge (theory and practice) that attempts to consider multiple viewpoints, perspectives, positions, and standpoints (always including the standpoints of qualitative and quantitative research)”(Johnson, Onwuegbuzie, Turner, Johnson, & Turner, 2007). Other scholars such as Creswell, Plano Clark, Gutmann, & Hanson, 2003, p. 212 cited by (Hanson, Creswell, Clark, Petska, & Creswell, 2005) define mixed method research design as “the collection or analysis of both quantitative and qualitative data in a single study in which the data are collected concurrently or sequentially, are given a priority, and involve the integration of the data at one or more stages in the process of research”

This study applied triangulation mixed method design. Triangulation is broadly defined by Denzin (1978: 291) as "the combination of methodologies in the study of the same phenomenon." Cited by (Jick, 1979). According to Denzin there four types of triangulation and includes: data triangulation; investigator triangulation; theory triangulation and methodological triangulation.

### **3.3 Study Area**

The study was Southern province of Zambia and particularly in Mazabuka District. Mazabuka district is dominantly a rural party of Southern province. The district of Mazabuka is situated at 15.87° South latitude, 27.77° East longitude and 1102 meters elevation above the sea level. The total population of Southern province is estimated at 1,606,793 and about 203,219 people live in Mazabuka district according to 2010 Population and Housing Census (CSO, 2010). The main stay of Mazabuka district dwellers is farming at peasant level. Agriculture activity in Mazabuka consists of cash crops such as tomatoes, onions, maize, green vegetables and cattle raring for beef and dairy. The focus of study is livestock because of the significant economic opportunity and poverty reduction contribution among rural dwellers in Zambia. (Lubungu, Chapoto, & Tembo, 2012)

### **3.4 Data Sources**

The study used both primary and secondary data sources. There was heavy reliance on primary data sources as the study involved collecting data from the beneficiaries. Secondary data was gathered by way of reviewing literature on poverty, livelihood of peasant farmers from journal articles, books, magazines, research reports, newspapers and materials from ministry of agriculture and livestock of the republic of Zambia; Smallholders Agriculture Promotion Programme (SAPP) and Vision Zambia Fund (VZF); Care International, World Bank, International Monetary Fund, Development Finance for International Development (DFID) and International Finance for Agriculture Development (IFAD) and United Nations Development Programme (UNDP)

### **3.4.1 Primary Data Sources**

The main source of data was from the respondents in the study audience that consisted of peasant farmers of Mazabuka District in Zambia. Collection of data was through Focus Group Discussions (FGD), personal observation of household assets and administered semi structured questionnaires. The study consisted of one hundred and forty six (146) respondents being microcredit and matching grants beneficiaries. In addition two focus group discussions were conducted for each category that is matching grants and microcredit beneficiaries. Ten (10) members from each institution i.e. Vision Fund Zambia (VFZ) and Smallholders Agribusiness Promotion Programme (SAPP) participated in focus group discussion

### **3.5 Population Size**

Cooper and Schindler (2003:179) define population as the total collection of elements about which inferences can be made. In other words, population can be described as the inclusion of all the elements or people with the characteristic one seeks to understand through the study. The population for this study comprised of all the peasant farmers been the beneficiaries of both microcredit and matching Grants facilities in Mazabuka District.

### **3.6 Sampling Method and Sample Size**

#### **3.6.1 Sample Size**

The total sample was one hundred and forty six (146) respondents that consisted of microcredit and matching grants beneficiaries. There were two groups one consisting of seventy (73) peasant farmers who benefited from microcredit schemes from Vision Fund Zambia and also another group consisting of seventy (73) beneficiaries of matching grants schemes from Smallholders Agribusiness Promotion Programme (SAPP).

#### **3.6.2 Sampling Method**

To come up with the total sample, the study relied on study two major sampling procedures and that is purposive and simple random sampling procedures. Purposive sampling was used to select the study area and beneficiaries of microcredit and matching grants. In addition,

simple random sampling was used to select the cooperatives to which the respondents belong and thereafter simple random was used to select beneficiaries from selected cooperatives.

Mazabuka was purposively selected for three reasons; firstly the main economic activity is agriculture with majority dwellers been peasant farmers. Secondly, the area houses a number of microcredit institutions as well as projects funded through matching grants. Third Mazabuka is a rural set up district and the majority dwellers are poor peasant farmers.

The two institutions Vision Fund Zambia (VFZ) which provide microcredit and Smallholders Agriculture Promotion Programme (SAPP) which provide matching grants to peasant farmers in the area were also selected purposively. The two institutions provided the list of microcredit and matching grants beneficiaries which formed the study target audience in comparative assessment of the effectiveness of the two interventions financing models in improving livelihood of peasant farmers.

Simple random sampling method was used to select seventy (73) beneficiaries from microcredit and seventy (73) from matching grants beneficiaries. Simple random sampling is defined by (Bhattacharjee, 2012 p 67) as a sampling technique in which all the units in a population are given an equal chance to be part of the sample. The advantage of this technique is that it's a well simplified probability sampling procedure and also the sample generalized is unbiased because the sample frame is not subdivided or partitioned

### **3.7 Data Collection**

#### **3.7.1 Data Collection Tools**

Data collection was by way of administered semi structured questionnaires .The questionnaire was programmed using an electronic survey tool that was used as platform for the main SPSS software. Each respondent was asked questions as contained on the questionnaire and the answer was encoded on the electronic survey tool for inward electronic transition to the main data processing centre.

Focus Group Discussion (FGD) was also recorded using electronic recording device and later it was translated from local language to English. The main thematic was conceptualised and analysed as it relates to study objectives.

### **3.7.2 Reliability and Validity**

The study involved data collection from the respondents in the field using administered questionnaires and focus group discussions using mobile phone platform for inputting into Statistical Package for the Social Scientist. Before data collection, reliability and validity test were done as a pretest on the suitability use of the electronic survey tool. According to Dr. Sue Greener (2008) results can be invalidated if the respondents did not fully understand the question and instead answered in the manner not intended. In this study the questionnaire was administered in local language in view of language barrier so that the respondents did not answer the questions wrongly. Validity refers to the extent to which a measure reflects the concept it intends to measure. If the measures used actually measure what they claim to, and if there are no logical errors when drawing conclusions from the data, the study is said to be valid. The validity of this study is embedded in the fact that the data gathered was directly to address the issues raised in the research objectives.

### **3.8 Data Analysis**

The research used Statistical Package for the Social Scientist (SPSS) version twenty (20) to process and analyze data. Data analysis refers to the process of deriving meaning from the data that had been collected in a study. The ultimate goal of analyzing data is to treat the evidence fairly, to produce compelling analytical conclusions and to rule out alternative interpretations. After data collection, data cleaning was conducted to select, arrange, refine, focus and summarize the data for analysis. The data was then analyzed based on how each response reflects the associated research objectives. The total responses for each vital question were tabulated using descriptive statistics and then cross tabulation to compare the impact of the two financing models on the respondents.

### **3.8.1 Qualitative Data Analysis**

The research approach strategy involved the use of qualitative research design and according to (Bhattacharjee, 2012:122) qualitative research is firm on grounded theory which is an inductive procedure of understanding recorded data about a social phenomenon to build theories about that phenomenon. There are three coding techniques used in qualitative data analysis according to Strauss and Corbin (1998) cited by (Bhattacharjee, 2012:122) and includes open, axial, and selective which was accordingly used in this study.

### **3.8.2 Quantitative Data Analysis**

In addition the researcher employed quantitative method which is the use numerical data which is collected during the research. The data collected is analysed using statistical tools and interpreted either by use of descriptive statistics or inferential statistics (Bhattacharjee, 2012:128). According to Kumar (2005) cited by (Chikopela Juliet, 2014) the researcher should well in advance formulate questions to ask the participants; understand the sample size as well as the objectives. Accordingly the researcher in this thesis predetermined the research questions to ask the target audience, the sample size and objectives before getting to the field

### **3.8.3 Descriptive Statistics**

Descriptive statistics was used to appreciate on a comparative basis the most effective financing model through cross tabulation of the respondent's responses. The rationale to use descriptive statistics is that while the level of investment for two models may be at different levels, descriptive statistics shall measure the output relative to input and assess the most effective poverty intervention financing model.

## **3.9 Ethical Consideration**

According to Kelley, Clark, Brown, & Sitzia (2003) research involves collecting data from people and it's in the best interest of the researcher and respondents to follow best practice for credibility of the survey. In particular participant's rights to confidentiality should be strictly followed. Accordingly in conducting the study among the respondents; the researcher obtained authority from the two institutions; Smallholder Agribusiness Promotion Programme

and Vision Fund Zambia. In addition assurance was given that the findings of the research were to be used for academic purposes only and that confidentiality was maintained and names of subjects withheld. Respondents had the option to terminate their participation if they so wished at any time of their choice.

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## **CHAPTER FOUR: RESEARCH FINDINGS AND ANALYSIS**

### **4.1 Introduction**

This chapter presents and discusses the results of the study. The data analysis includes interpretations and discussions of the study findings. The chapter provides the basis on which to make conclusions and recommendations.

### **4.2 The Case Studies**

#### **4.2.1 Vision Fund Zambia (VFZ)**

Vision Fund Zambia (VFZ) is a microcredit institution which is owned by Vision Fund International (VFI) and World Vision (WV) a Non-Governmental Organization (NGO). It was established in 2003. Vision Fund International also operates in many African countries that include Ghana, Kenya, Malawi, Mali, Senegal, Tanzania and Uganda. Apart from Africa they also operate in Asia Pacific, Latin America, Middle East and East Europe.

The objective of Vision Fund is to serve remote rural and agricultural communities across the world. In Zambia Vision Fund provides small loans to rural districts of Zambia that have the highest levels of poverty. The goal is to enable small business with opportunities to have capital and move out of poverty circle. Like many other microcredit institution they provide credit facilities using group guarantee as collateral. Vision Fund Zambia provided microcredit respondents for the study

##### **4.2.1.1 Vision Fund Microcredit Model**

Vision Fund Zambia (VFZ) use group based lending to peasant farmers .In order for the peasant farmers to qualify for microcredit, firstly the must belong to a solidarity group of at least five to ten members. Members in excess of ten are grouped into village community bank. Member of the solidarity group or village community bank can access a micro loan of equal amount with a grace period of thirty days before commencement of loan repayment. The repayment is monthly with the tenor period of four to six months.

Members of solidarity group start up can access a minimum of \$350.00 and returning member can access from \$500.00 up to \$1,000.00. The members of village community bank can access a maximum of \$150.00 due to huge number of members. The group elects the executive members to represent the group and ensure collection of funds for repayment from other members. Each member of the group belonging either to the solidarity or the village community bank appends a signature to the constitutional which binds all members and is used as collateral pledge to Vision Fund Zambia .Vision Fund Zambia assigns credit officers to supervise the groups and also offer training to the members of the group on basic book keeping, marketing and ensure timely repayments are made.

#### **4.2 Smallholders Agriculture Promotion Programs (SAPP)**

The Smallholder Agribusiness Promotion Programme (SAPP) is an Agribusiness Development Programme of the government of Zambia under the Ministry of agriculture and livestock with support from International Finance for Agriculture Development (IFAD). It's a public private partnership that provides matching grants to small scale farmers at household level and through organized enterprises groups. The goal is to reduce poverty by stimulating rural economic development through improvements in the performance of small scale farmers. The project objective is to increase the income levels of about twenty four thousand (24,000) poor rural households by boosting the quality and quantity of production of specific commodities. Other outcome includes (i) increase in household asset ownership; (ii) increase in household savings; (iii) reduction in the incidence of child malnutrition and reduction of food insecurity reduction.

##### **4.2.2.1 SAPP Matching Grant Approach**

Smallholders Agriculture Promotion Programme provides Matching Grants (MGs) to beneficiaries through cooperatives. The Institution calls for business proposals from the public using the public and private print media. The proposals are then evaluated by a committee consisting of experts or consultants. The successful applicants are notified to pay a matching grant upon which a disbursement is done through a bank account of the cooperative.

### **4.3 Data Analysis**

Data analysis involved generating descriptive statistics of the data and cross-tabulation of the two categories of respondents.' Most of the cross- tabulations are presented as figure only and not a combination of table and figures for two reasons, i) because of economical of space to present both tables and figures ii), figures quickly review or show possible trends from the data. The data analysis approach was taken so as to ascertain whether there was significance difference on the same variables between respondents who belonged to two different groups, one from Vision Fund Zambia and another from Smallholders Agribusiness Promotions Programme.

### **4.4 Demographic Information**

#### **4.4.1 Study Response Rate**

The study purposefully selected equal number of beneficiaries from the two institutions; Seventy five (75) from Vision Fund Zambia and Seventy five (75) from Smallholder Agribusiness Promotion Programme giving a total of one hundred and fifty (150) households target respondents from the two groups. In addition two focus group discussions were undertaken from each group comprising ten (10) participants each. From the target of one hundred and fifty (150) household respondents, one hundred and forty six (146) respondents were successfully interviewed which translated into 97% successful response rate. The Focus Group Discussions for the participants were successfully conducted. Therefore the study, objectives, discussions and conclusions is validated and based on the ninety seven percent (97%) successful responses rate and on the Focus Group Discussion which were effectively held

#### **4.4.2 Gender of Respondents**

As shown in figure 4.1 below, fifty seven percent (57%) of the respondents were female and forty three percent (43%) of the respondents were male. The gender distribution of the respondents shows more women than male as respondents

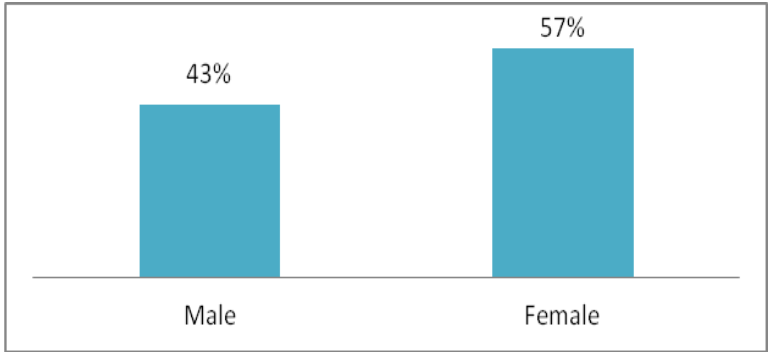


Figure 4.1: Gender of Respondents

**4.4.3 Respondents Age Groups**

Respondents were requested to indicate their age groups. Empirical evidence obtained shows that the respondent’s most active age groups for the study is as shown in figure 4.2; 26-35years, accounted for twenty percent (20%), in the range of 36-45years accounted for thirty four percent (34%) and in the range of 46-55years accounted for thirty one percent (31%). The above findings are consistent with national population and housing census central statistics report which defined the above age groups as the most economically active and shoulder high social and economic responsibility for households. The age group outcome validate certain study questions such as , i) sense of household responsibilities ii) providing plausible household social and economic facets of the study

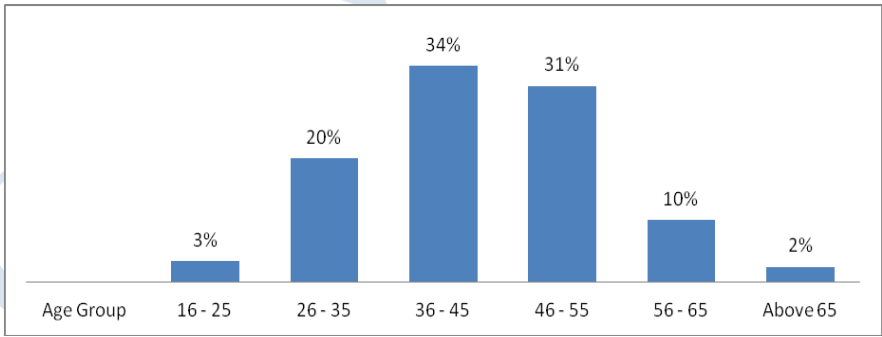


Figure 4.2: Respondents Age Group

#### 4.4.4 Respondents Marital Status

Further the respondents were also asked to indicate their marital status. The study revealed that 2% were single, 75% were married, 3% divorced, 16% widowed and 3% were on separation. Therefore as shown in figure 4.3 below, most respondents for the study were married.

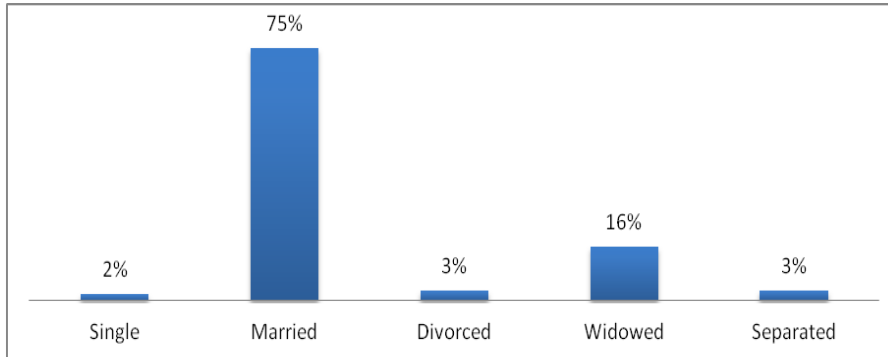


Figure 4.3: Respondents Marital Status

#### 4.4.5 Level of Formal Education

The respondents were asked to give information on the level education attained. After cross-tabulation between the two service providers, the formal education level for the majority respondents as shown in figure 4.4 below is primary school. Vision Fund Zambia (VFZ) accounted for twenty five percent (25%) while Smallholders Agribusiness Promotion Programme respondents accounted for twenty one percent (21%). Other formal education levels are basic school with Vision funds Zambia and Smallholders Agribusiness Promotion Programme respondents recording fourteen percent (14%) and nine percent (9%) respectively. While with higher education level Vision Fund Zambia and SAPP accounted on equal basis of ten percent (10%)

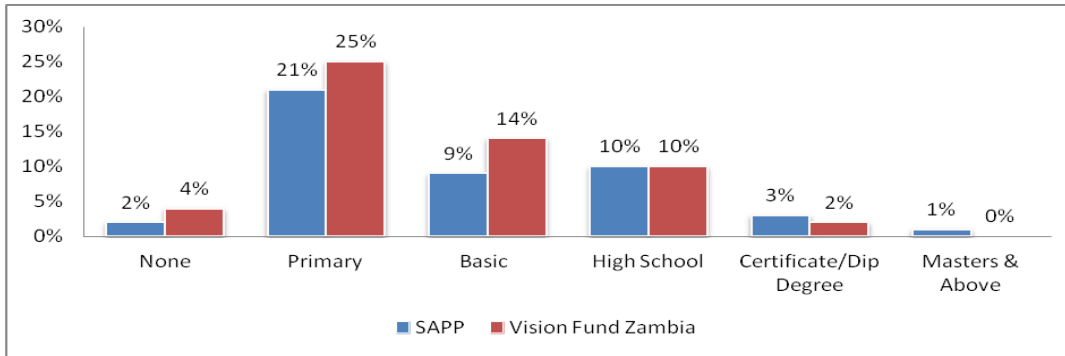


Figure 4.4: Highest Formal Education

#### 4.4.6 Business Sector

The study requested the respondents who are recipients of matching grants and microcredit to indicate their nature of business in which they invested the funds obtained from either Vision Fund Zambia or Smallholders Agribusiness Promotion Programme. According to figure 4.5 seventy six percent (76%) are into direct agricultural sector with livestock and crop farming. Twelve percent (12%) are into trading; eight percent (8%) are into food processing (agro-business) and four percent (4%) are into other kind of business. The above result validate our study requirements considering that our study target audience was those who do business in agricultural related businesses and are receipts of the two types of assistances, matching grant and microcredit .According to figure 4.5 a total of eighty four percent (84%) i.e. (75% livestock farming plus eight percent (8%)food processing (agro-business) and considering that the response rate of the study was ninety seven percent (97%), therefore this validates study outcomes and conclusions.

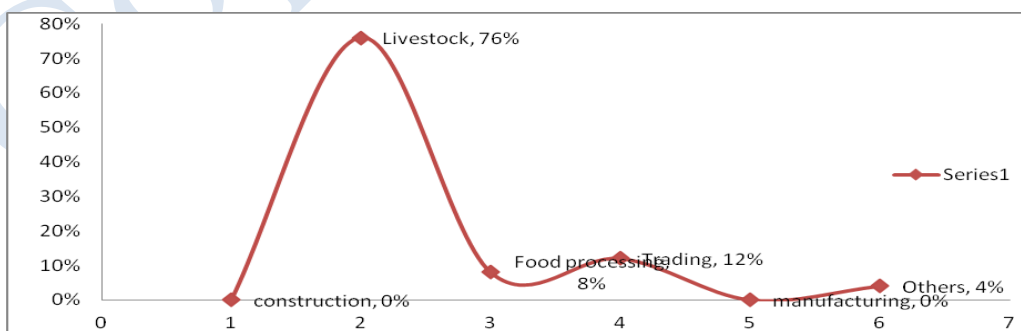


Figure 4.5: Respondents' Business Sectors

#### 4.4.7 Facilities Accessed

Respondents were asked to indicate whether they accessed any form and the type of assistances from the two institutions to invest into their businesses. The response from the respondents shows that almost all the respondents (100%) have accessed financial and in-kind assistances from the two services providers considering that they were purposefully selected as recipients of matching grants and microcredit.

Figure 4.6, shows that a total of seventy six percent (76%) accessed finance which is disaggregated into forty five percent (45%) for Vision Fund Zambia and thirty one percent (31%) for Smallholder Agribusiness Promotion Programme. Further a total of twenty two percent (22%) received livestock which is disaggregated into seven percent (7%) for Vision Fund Zambia and fifteen percent (15%) for Smallholder Agribusiness Promotion Programme while three percent (3%) received farming inputs disaggregated into zero percent (0%) in respect to VFZ and three percent (3%) under SAPP

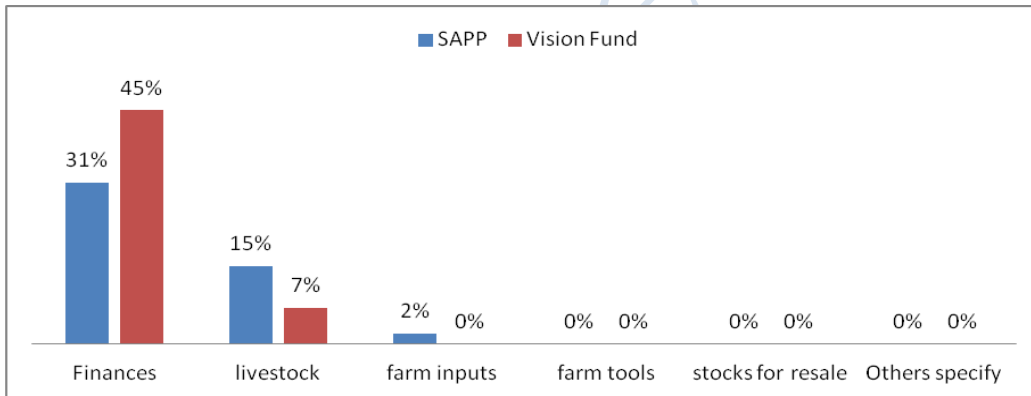


Figure 4.6: Type of facilities Received

#### 4.4.8 Financing Models

The financing model was highlighted and the figure below shows the two financing models used by the two organizations. Figure 4.7 indicates that forty seven percent (47%) of the respondents paid back the principle plus interest and fifty three percent (53%) indicated they made a contribution. This particular facet of the study is critical so as to validate that actually

the respondents received microcredit or matching grant. Outcomes in figure 4.7 validates that actually the two groups accessed microcredit or matching grant.

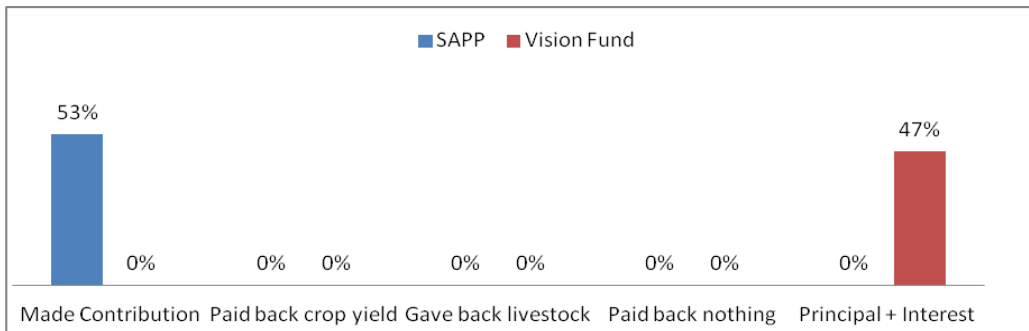


Figure 4.7: Financing Models

#### 4.4.9 Sources of Finances

In order to validate sources of funding for the study respondents were asked where they accessed funding for their business. Figure 4.8, shows that fifty one percent (51%) accessed funding from Vision Fund Zambia and forty seven percent (47%) accessed funding from Smallholder Agribusiness Promotion Programme (SAPP) and two percent (2%) had funding from related project sponsored by SAPP.

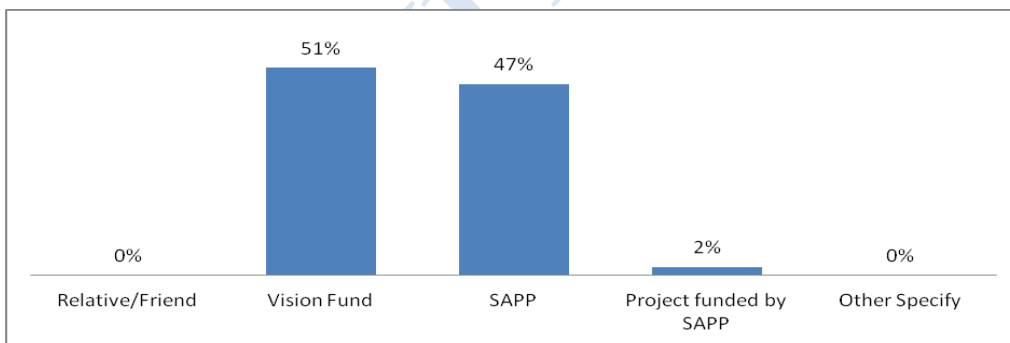


Figure 4.8: Sources of Funding

#### 4.4.10 Business Tenor

The study solicited information to find out from the respondents as to how long one has been in the same business activity. Figure 4.9 shows that the majority that is sixty eight percent

(68%) had been in business and have accessed the services under study falls in the range between zero to two (0-2) years disaggregated as follows; thirty three percent(33%) for Vision Fund Zambia and thirty five percent (35%) for Smallholders Agribusiness Promotion Programme. This clearly shows and demonstrates that most of the respondents have accessed funding fairly in recent time and some of their projects is still under implementation. This aspect of the study outcome is critical towards interpreting or discussing other outcomes and also contextualizing the study conclusions.

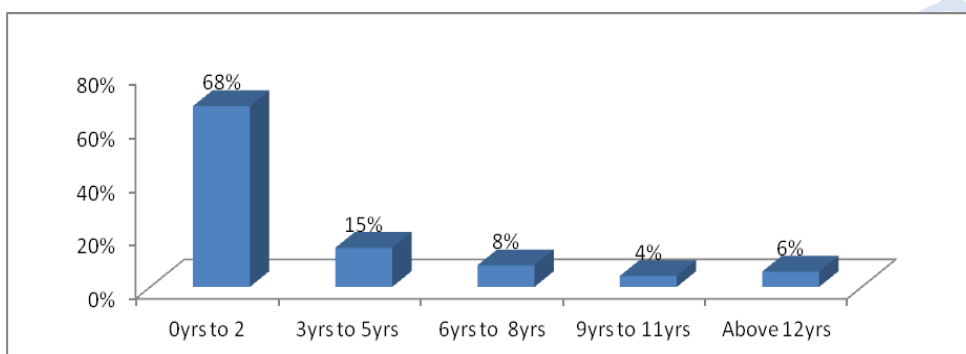


Figure 4.9: Period of Doing Business

## 4.5 Economic Activities

### 4.5.1 Productivity Measurement

To explicitly measure certain aspects of the study such as improved productivity, respondents we asked to indicate how they measured improved productivity of their business activities. Figure 4.10 shows that the most suitable measure is increased number of reared livestock which accounted for thirty eight percent (38%), followed by increased crop yield which accounted for thirty one percent (31%) and twenty six percent (26%) increased rate of fulfilling orders issued by clients. Five percent (5%) were not clear and when placed further the majority of them indicated increased milk production. The consistency of the measurements was validated by the two Focus Group Discussions one from Smallholders Agribusiness Promotion Programme and another from Vision Fund Zambia.

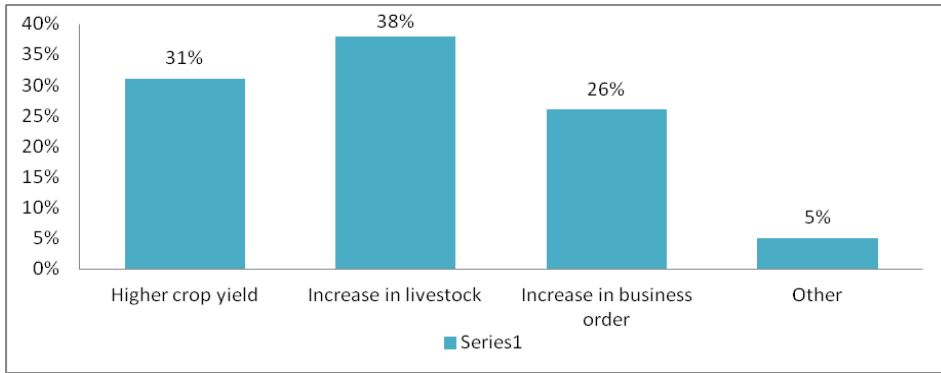


Figure 4.10: Measurement of Improved Productivity

#### 4.5.2 Productivity before Accessing Finances

The study sought to assess the levels of productivity for respondents before accessing the services under study; figure 4.11 shows disaggregated results between respondents from Vision Fund Zambia and Smallholder Agribusiness Promotion Program. The study indicated that most of the respondents had low productivity, disaggregated as follows; thirty two percent (32%) for Smallholder Agribusiness Promotion Program and twenty nine percent (29%) for Vision Fund Zambia with a total of sixty one percent (61%), followed by very low productivity which account for a total of twenty two percent (22%). The average productivity level was fourteen percent (14%). This goes to show that generally, productivity was low among respondents before accessing the services and justifying the need for such anti-poverty interventions.

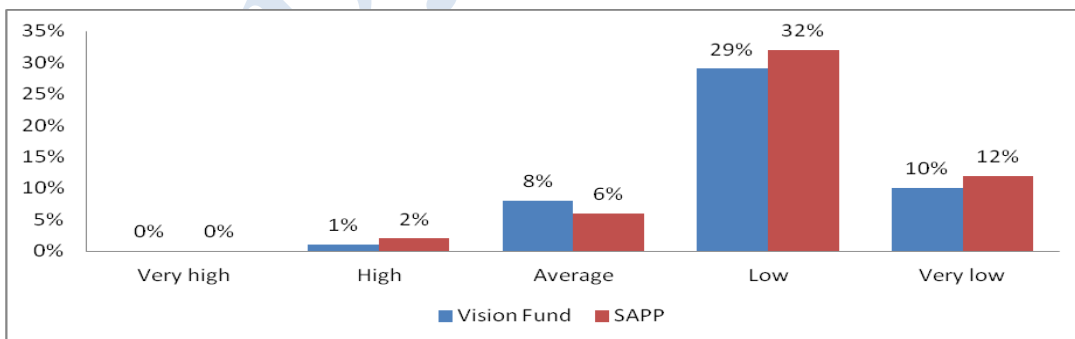


Figure 4.11: Productivity before Accessing Funding

### 4.5.3 Productivity after Accessing Finances

Productivity levels after accessing financing is highlighted in Figure 4.12. Interestingly much as both groups of respondents i.e. VFZ and SAPP recipients have gradually improved in terms of Levels of productivity. The results showed mixed outcomes on the different categories that were considered. The recipients under SAPP showed a higher marginal increment compare to VFZ clients. In the category of high SAPP beneficiaries accounted for 13%, while VFZ accounted for 5%. Under the category that falls under average Smallholders Agribusiness Promotion Programme beneficiaries represented eleven percent (11%) while Vision Fund Zambia accounted for nine percent (9%).

This phenomenon can be attributed to a number of factors as outlined; (i) while most of the respondents belong to the agricultural crop and livestock farming and agro-business food processing which accounted for eighty four percent (84%), most respondents have also been in business within two (2) years which is disaggregated as follows: thirty three percent (33%) for Vision Fund Zambia and thirty five percent (35%) for Smallholder Agribusiness Promotion Programme. In addition the two Focus Group Discussions also depicted that most of their businesses are still in early stage and exhibit similar business behaviors. However, the respondents who are recipients of Smallholder Agribusiness Promotion Programme exhibited better improved levels of productivity compared to those of Vision Fund Zambia for the following reasons; which were also consistent among the two different Focus Group Discussions i) those under Vision Fund Zambia needed to pay back principle plus interest while those under Smallholder Agribusiness Promotion Programme made a matching contribution to the business and need not pay back. ii) Respondents under Vision Fund Zambia despite being in similar businesses with those from Smallholders Agribusiness Promotion Programme. The respondents under Vision Fund Zambia they are required to make repayment composed of capital plus interest in contrast with Smallholders Agribusiness Promotion Programme. Given this background, the respondents under Smallholders Agriculture Promotion Programme exhibited increased productivity faster as compared to those under Vision Fund Zambia.

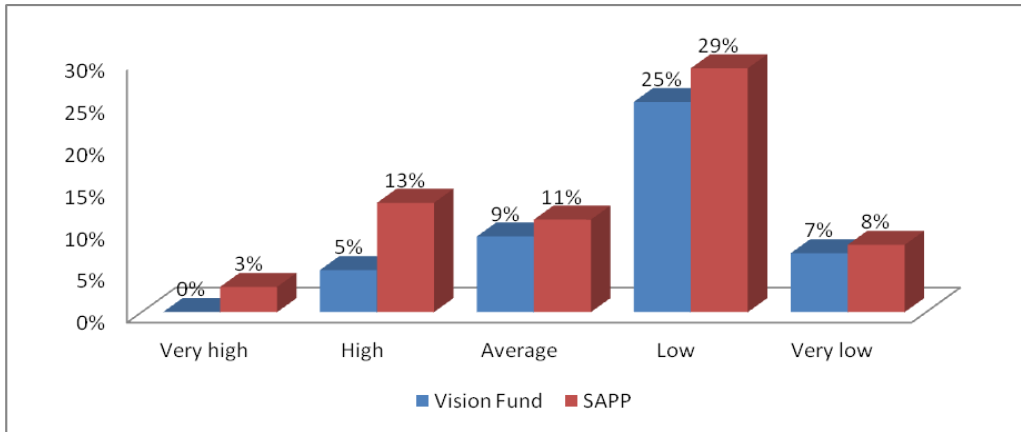


Figure 4.12: Levels of Productivity after accessing finances

#### 4.5.4 Aggregate Profitability before and after accessing finances

The comparative study sought to depict those who said they made profits after accessing respective services from respective institutions. In comparison to seventy five percent (75%) who said they made profits before accessing the finances as shown in figure 4.13 eighty nine percent (89%) made profits after accessing finances. The finding shows an increase of profits by fourteen percent (14%) after financing

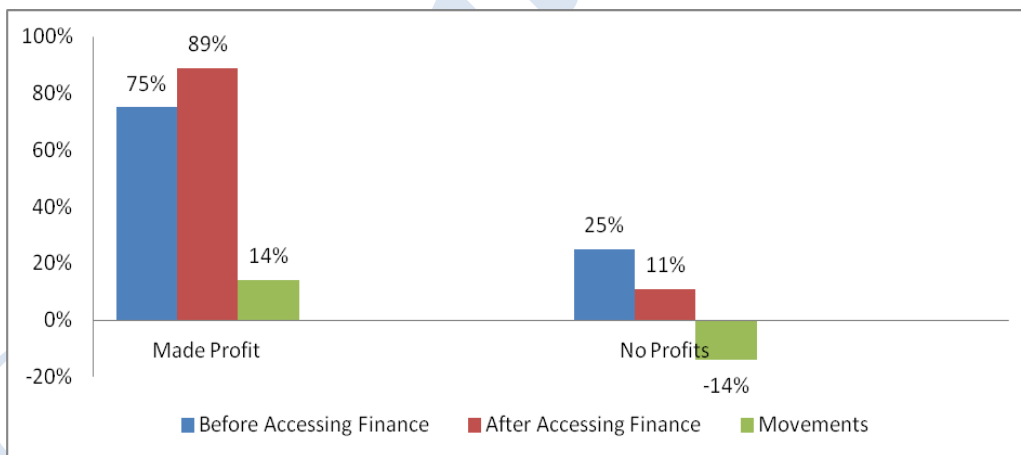


Figure 4.13: Aggregate Profitability before and after accessing finances

#### 4.5.5 Disaggregated Profit before accessing finances

The comparative study also sought to collect data so as to depict the profits levels for those respondents who made profits (75%) before accessing the finances from their respective

service providers. Figure 4.14 shows different categories of profit level that were considered. The study reviewed that 24% of Vision Fund Zambia beneficiaries were making low profits before receiving the funds, while Smallholders Agribusiness Promotion Programme beneficiaries were at 27%. Further the study reviewed that 14% under Smallholders Agribusiness Promotion Programme made average profits compared to 16% under Vision Fund Zambia. The study shows that marginal percentage (1%) of beneficiaries was making very high profits. The finding from this section is vital in validating subsequent question of the comparative between SAPP and VFZ after accessing finances.

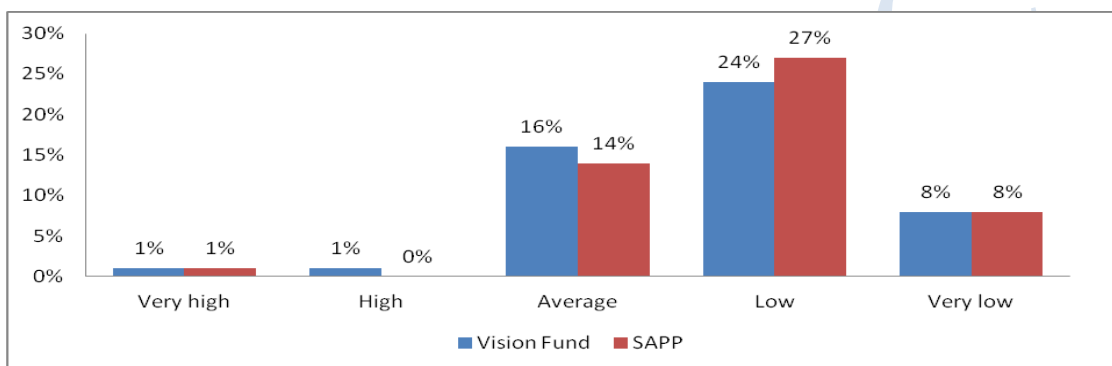


Figure 4.14: Disaggregated Profit before accessing finances

#### 4.5.6 Disaggregated Profitability after accessing finances

In order to fully appreciate the impact of finance on the respondents that made profits, eighty nine percent (89%) after accessing the finances from both VFZ and SAPP, figure 4.15 depicts disaggregated profit levels after accessing financing. The findings show a reduction in respondents that made very low profits under Smallholders Agribusiness Promotion Programme from 27% to 9% as well as those under Vision Fund Zambia from 24% to 12%. The respondents that made average profit accounted for thirty six percent (36%) in the total sample; disaggregated as ten percent (10%) in respect to Vision Fund Zambia and twenty six percent (26%) for Smallholder Agribusiness Promotion Programme. Respondents that indicated their profit was high accounted for forty two percent (42%) which is disaggregated as sixteen percent (16%) in respect to Vision Fund Zambia and twenty seven percent (27%) for Smallholder Agribusiness Promotion Programme while four percent (4%) accounted for

very high profit and disaggregated as follows; one percent (1%) Vision Fund Zambia and three percent (3%) for Smallholder Agribusiness Promotion Program.

In relation to the profits level after accessing financing, the study reviewed that profit within groups has increased after accessing the respective facilities. The reasons for this phenomenon are similar to underlying factors with productivity level ; the reasons were advanced during the two Focus Group Discussions being ; i) while most of the respondents belong to the agricultural crop and livestock farming and agro-business food processing according to figure 4.5, accounting for eighty four percent (84%) and sixty eight percent (68% respondents have been in business for a period within two (2) years disaggregated as follows; thirty three percent (33%) for Vision Fund Zambia and thirty five percent (35%) for Smallholder Agribusiness Promotion Programme. The two Focus Group Discussions advanced that most of their businesses are still in early stage. However, the respondents under Smallholder Agribusiness Promotion Programme exhibits better improved levels of profit levels compared to those of Vision Fund Zambia for the following reasons; the findings were consistent among the two different FGDs i) those under Vision Fund Zambia need to pay back principle plus interest while those under Smallholder Agribusiness Promotion Program made a matching contribution and received a grant. ii) Those under Vision Fund Zambia despite being in similar businesses with those under Smallholder Agribusiness Promotion Program start making microcredit repayment and impacts on the profitability in contrast with Smallholder Agribusiness Promotion Programme recipients. From the highlighted background above, respondents under Smallholder Agribusiness Promotion Program exhibited increased business profitability faster as compared to respondents under Vision Fund Zambia

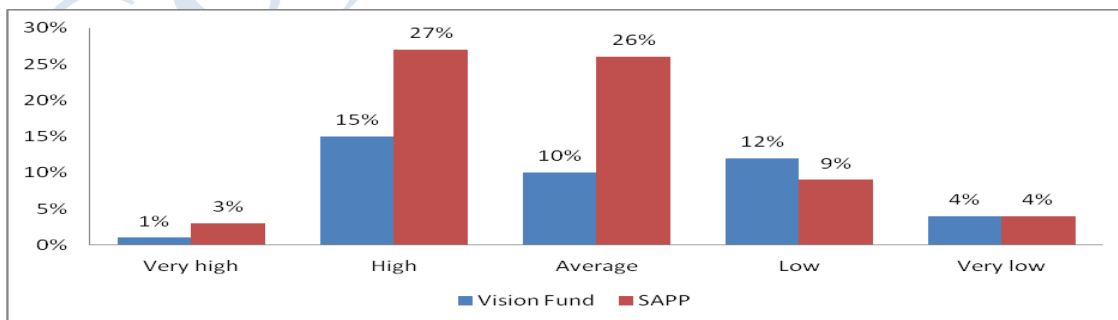


Figure 4.15: Disaggregated Profit after accessing finances

#### 4.5.7 Business Obligations

One of the measures to assess the stability of a business is by ascertaining the capacity to meet business obligation. Therefore, the study sought to assess whether the respondents' businesses were able to meet running costs. According to figure 4.16, Seventy percent (70%) of the respondents disaggregated as thirty percent (30%) Vision fund and forty percent (40%) Smallholders Agribusiness Promotion Programme were able to meet business obligations, while thirty percent (30%) disaggregated as eighteen percent (18%) Vision fund Zambia and twelve percent (12%) Smallholders Agribusiness Promotion Programme could not meet their business commitments. The key highlight was delay in the processing and approval of the facilities which negatively impacted on the project implementation and ultimately on the realisation of the project outcome. But what were cross-cutting issues among the two FGDs was that their businesses were still smaller and needed more support; and accordingly this was consistent with earlier findings which indicated that most of the household respondents' businesses were still in their early life stage

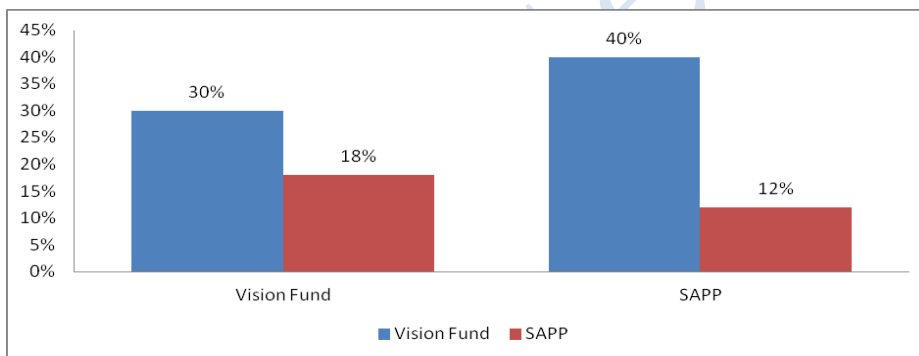


Figure 4.16: Meeting Business Obligations

#### 4.5.8.1 Challenges of failing to meet Business Obligations

Furthermore, the study also wanted to know the reasons why some respondents (30%) disaggregated as Smallholder Agribusiness Promotion Program (12%) and Vision Fund Zambia (18%) did not meet business obligations according to figure 4.17. A total of fifty percent(50%) indicated that they had no finances to procure farming tool which was further disaggregated as follows: thirty five percent (35%) in respect to Vision fund Zambia and

fifteen percent (15% ) for Smallholder Agribusiness Promotion Program indicated .The other reason advanced was that their business was still small when requested on others to specify challenges that they were facing ,with twenty four percent ( 24% ) for Vision fund Zambia and twenty six percent (26%) for Smallholder Agribusiness Promotion Program indicated that their business was still small. Further triangulation was done during Focus Group Discussions and the following reason were major among participants as the reasons for not meeting business obligations; among Vision Fund Zambia recipients /participants the following issues were raised; i) they were still paying for their loans as such it was difficult to adequately meet their business obligations ii) they need grace period in alignment with harvest period. Among the Smallholder Agribusiness Promotion Program, most participants prominently said there business was still small and therefore needed more time to realise the benefits in order to be able to meet business obligations.

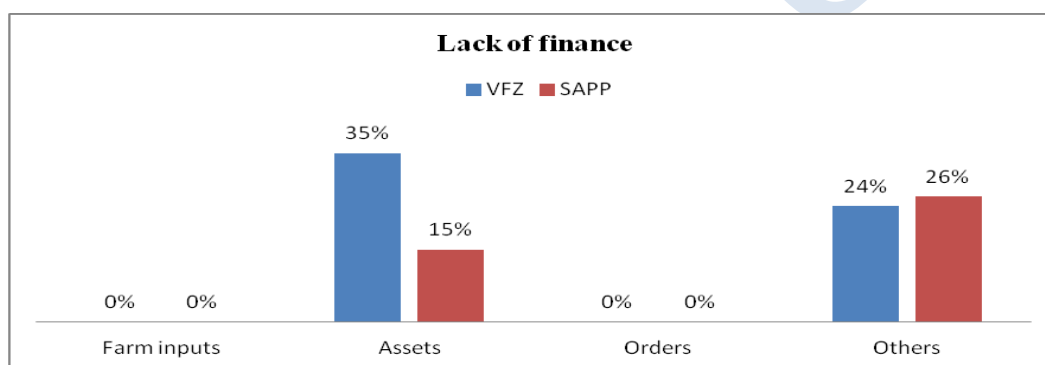


Figure 4.17: Reasons for failing to meet business Obligations

#### 4.5.9 Value Addition Products

The study respondents were asked if they were able to produce other products related to their line of business after accessing finance to invest into their businesses. According to figure 4.18, the results showed that 40% (17% -Vision Fund Zambia and 23% Smallholders Agribusiness Promotion Programme) of the respondents said were adding value to their products, while 60% (28% Vision Fund and 32% Smallholders Agribusiness Promotion Programme) were not producing value addition products..

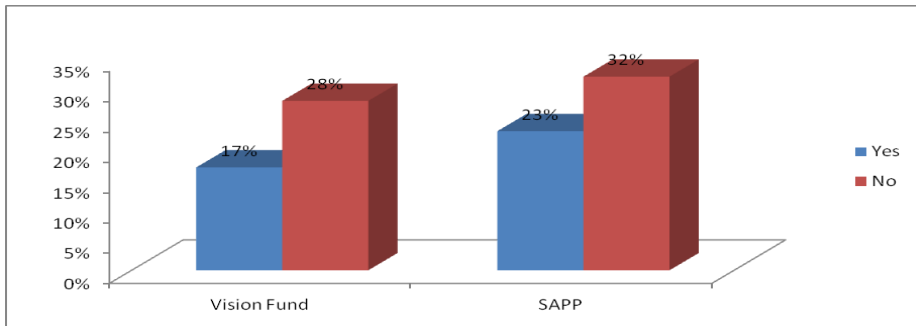


Figure 4.18: Value Addition Products

The survey showed the various products that the participants were able to extract from the raw (Shepherd, 2007) commodities. According to figure 4.19, sixty five percent (65%) were producing cooking oil from groundnuts for selling and two percent (2%) produced maize sample for consumption and selling, while thirty three percent (33%) produced other related products. Therefore, from the study it is evidenced that groundnuts cooking oil was the dominant product among beneficiaries who were adding value to their raw products

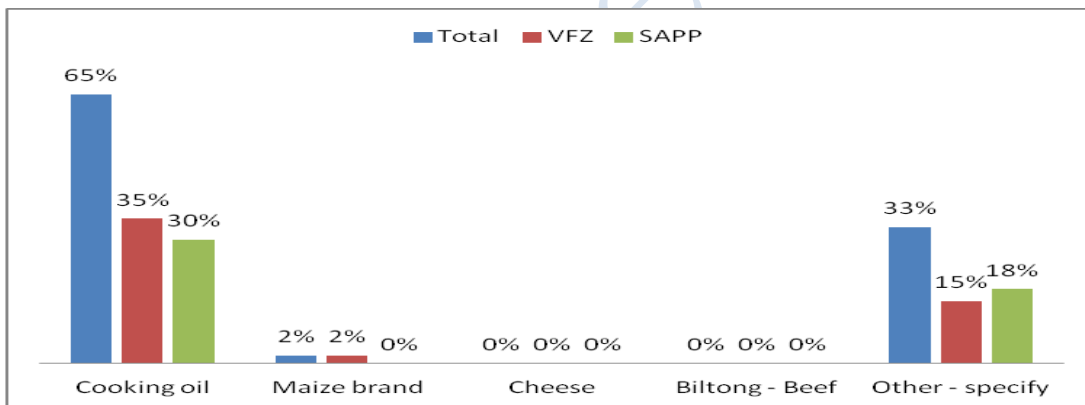


Figure 4.19: Various Value Addition Products

## 4.6 Capabilities

### 4.6.1 Markets accessibility

Respondents were asked to state whether they were able to effectively sell their products to their target clients before and accessing finances. According to figure 4.20, a total of eighty five percent (85%) i.e. Vision Fund Zambia (44%) and Smallholder Agribusiness Promotions

Programme (41%) of respondents were able to sell their products effectively. However fifteen percent (15%) were not able to sell to their produce.

Access to the market was also captured and the results show positive improvement in market access after the beneficiaries' accessed finance. Figure 4.20 shows that there was a positive movement from eighty five percent (85%) to eighty seven percent (87%) which is made up of Vision Fund Zambia forty five percent (45%) and Smallholder Agribusiness Promotion Programme forty two percent (42%). However Seasonality of the product was advanced during focus group discussion as a limiting factor accessing the markets

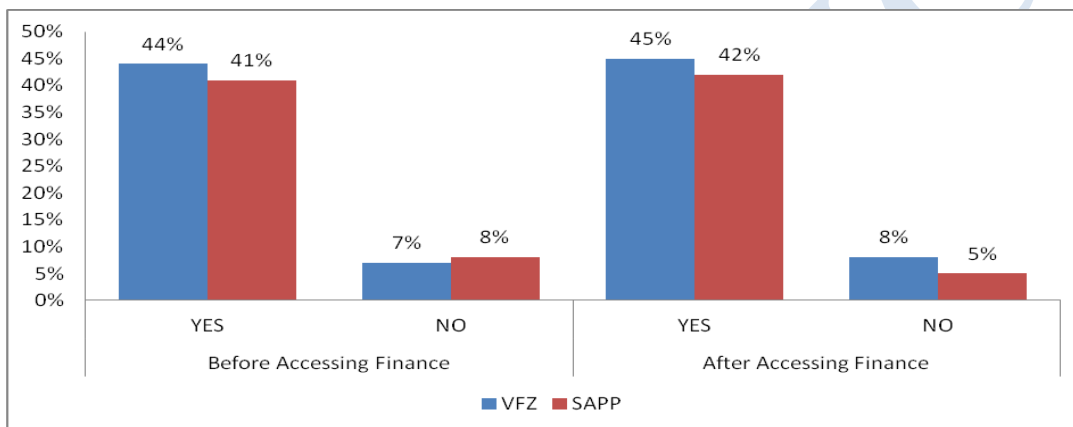


Figure 4.20: Market Capability before and after accessing finance

#### 4.6.2 Book Keeping

The study also sought to find out about record keeping before and after receiving the service. It was critical to understand this variable because it impacts on effective decision making such as productivity, profitability and cash flow management in order for business to meet financial obligation. Figure 4.21 show that a total of fifty seven percent (57%) i.e. (30% Vision Fund Zambia and twenty seven percent (27%) Smallholder Agribusiness Promotion Programme) kept business records even before they accessed assistance from their respective services providers. After accessing finances the percentage for keeping record improved from fifty seven percent (57%) to seventy percent (70%) an increase of thirteen percent (13%). Vision Fund Zambia respondents accounted for forty percent (40%) while Smallholders

Agribusiness Promotion Programme accounted for thirty percent (30%). It is critical to note that in both instances, Vision Fund Zambia respondents seem to be better in record keeping compared to those from Smallholder Agribusiness Promotion Programme

During the two Focus Group Discussions cross-cutting themes for not keeping records for business were as follows i) among those who said they did not keep record for business activities indicated they did not know how to read and write .ii) they did not see the use of keeping record since keeping records in themselves does not generate income, they would rather focus on activities which generate income iii) some felt that if they kept record for business activities tax authority would visit them to demand for taxes

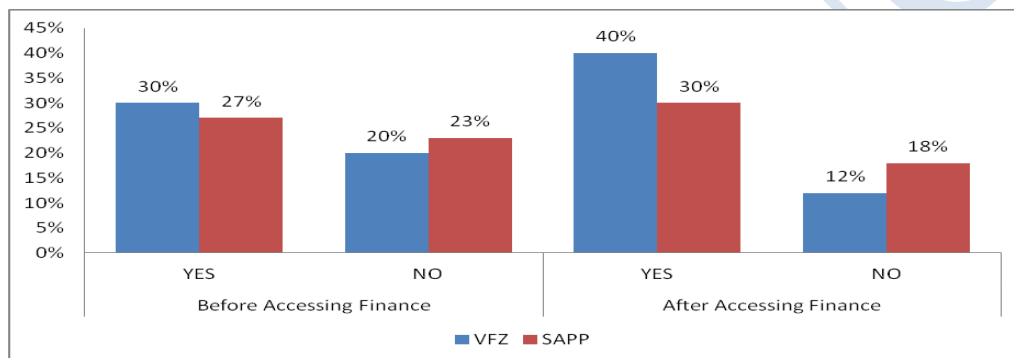


Figure 4.21: Book keeping Capability before and after accessing finances

## 4.7 Assets

To effectively undertake this comparative study, household assets and agriculture related tools of the respondents were assessed. The asset dimension is critical towards assessing comparative impact of the two anti-poverty interventions on beneficiaries.

### 4.7.1 House Models

Respondents were asked to indicate whether one owns the shelter they were living in. According to figure 4.23, ninety eight percent (98%) of the respondents own their own shelter and two percent (2%) indicated otherwise

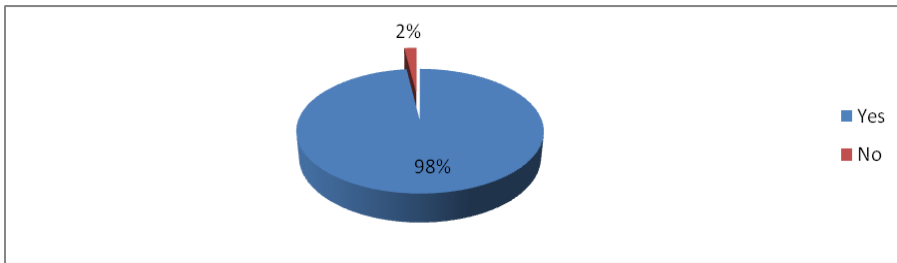


Figure 4.22: Shelter Owned

The study sought to assess the type of houses the respondents owned by observing the type of the wall, roof and floor the houses are made of. Interestingly as shown in figure 4.23 there was no significance difference noted between the two groups from Vision Fund Zambia and Smallholder Agribusiness Promotion Programme

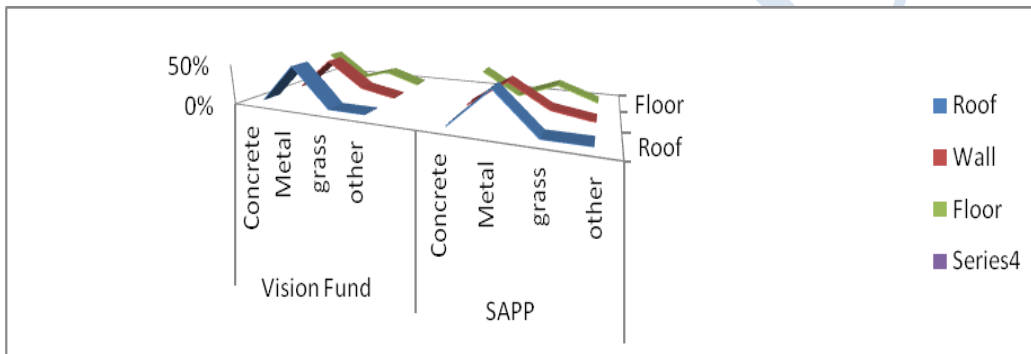


Figure 4.23: House facets

#### 4.7.2 Period of House Occupancy

The study sought to find out from the respondents as to how long they have been living in their houses. According to figure 4.24, fifty two percent (52%) have lived in their houses for over five (5) years; forty six percent (46%) have lived in their houses between one to five years (1 – 5) years. One percent (1%) had occupied their houses for less than six (6) months and between 6-12 months. Given the above scenario the likelihood of the facilities provided by the two services providers to have impacted on the housing standard is unlikely, considering that most respondent have been in the business activities in less than 2 year

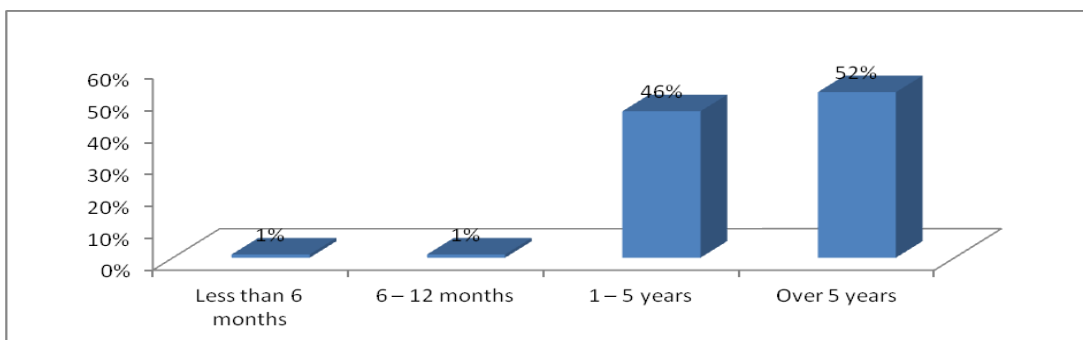


Figure 4.24: Period of House Occupancy

### 4.7.3 Household and Agricultural Assets

Respondents were asked to give the number of itemised household and agricultural assets in the asset mean tables, before and after accessing the facilities under study. The tables 4.1 and 4.2 below indicated mean number of household and agricultural assets owned before and after respondents' accessed facilities from the two institutions. From tables below, the study indicates that there were no significant differences between the respondents from both services providers in terms mean number of assets owned before and after. Plausible reasons are similar to those advanced for the type of houses owned by respondents.

Assets	Vision Fund		SAPP	
	Number of asset before Mean	Number of assets After (now) Mean	Number of asset before Mean	Number of assets After (now) Mean
<b>Bicycles Owned</b>	1	1	1	1
<b>Motorbikes Owned</b>	1	1	1	1
<b>Cars Owned</b>	1	1	0	1
<b>Battery Solar panels owned</b>	1	1	1	1
<b>Radios Owned</b>	1	1	1	1
<b>Televisions owned</b>	1	1	0	1
<b>Cell phones owned</b>	2	2	1	2
<b>DVDs owned</b>	1	1	0	0
<b>Sewing machine owned</b>	1	0	1	1
<b>Tables Owned</b>	2	2	1	2
<b>Mattresses Owned</b>	2	2	2	2
<b>Braziers Owned</b>	2	2	2	2
<b>Satellite Dish Owned</b>	0	1	0	1

<b>Other HH Asset Owned</b>	0	0	0	0
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Table 4.1: Mean Table of household Assets

Assets	Vision Fund		SAPP	
	Number of asset before Mean	Number of assets After (now) Mean	Number of asset before Mean	Number of assets After (now) Mean
<b>Hoes Owned</b>	2	3	2	2
<b>Axes Owned</b>	2	2	2	2
<b>Slashes Owned</b>	1	2	2	2
<b>Ploughs Owned</b>	1	1	1	1
<b>Ridgers Owned</b>	0	1	0	1
<b>Harrows Owned</b>	1	1	1	1
<b>Ox-cart Owned</b>		1	0	1
<b>Tractors Owned</b>	1	1	0	1
<b>Rippers Owned</b>	0	0	0	0
<b>Hammer Mill Owned</b>	0	1	0	1
<b>Hand mill Owned</b>	1	1	1	1
<b>Treadle pump Owned</b>	1	1		
<b>Other Assets Owned</b>	0		0	0

Table 4.2: Agricultural Assets Means Table

#### 4.8 Summary

The chapter presented results of the study, analysis of resulting descriptive statistics. The descriptive statistics were obtained from cross-tabulation of respondents groups (Vision Fund Zambia and Smallholders Agriculture Promotion Programme) and variables against which data was collected. The following chapters present discussion and conclusion of the findings and recommendations.

## CHAPTER FIVE: RESEARCH DISCUSSION AND CONCLUSION

### 5.1 Introduction

This chapter presents discussion and conclusion of findings from the study and makes recommendations. The chapter also presents business concerns for Vision Fund Zambia (ZfZ) and Smallholder Agribusiness Promotions Programme (SAPP).

The general objective of the study was to undertake a comparative assessment of matching grants and microcredit interventions in improving livelihood of peasant farmers in Zambia. The goal is to establish which model is more effective in improving livelihoods of peasant farmers; thus effort and resources can be channeled through the most suitable intervention model in order to combat poverty effectively using the most economic and sustainable approach. According to available reviewed literature, this is the first empirical study which explores possible best fit financial business support interventions for the peasant farmers who are involved in either crop or livestock farming or related agro-businesses in Zambia. The research findings are largely consistent with literature available in relations to microcredit and matching grants financing model.

The respondent for the study consisted of poor and vulnerable peasant farmers of Mazabuka district. Their livelihood strategy is mainly focused on agriculture as a source of their livelihoods. The security needs include shelter, food, health, water, communication and education. The livelihood strategy consists of pursuing both farm and non-farm activities as they struggle to earn their living. The livelihood activities fall within CARE household livelihood security framework as outlined by (Timothy R. Frankenberger, 2002). The main intervention anti-poverty financing in the area are microcredit facilities and matching grants and subsidies from government. The household supporting partners are government and government projects that include the World Bank and International Finance for Agriculture Development (IFAD). According to Barslund & Tarp (2008) the other sources of finance in rural markets include the informal sector that includes family members and individuals that charge higher interest rates. This phenomenon is consistent with the study done in Malawi by

Bolnick (1992) which shows that interest rates charged in the informal sector in most cases is not justified.

## **5.2 Economic Activities**

### **5.2.1 Productivity and Profitability**

The comparative study has demonstrated that respondents who accessed matching grant financial support exhibited overall improved productivity. There was evidence that respondents who accessed matching grant had higher productivity compared to those who accessed microcredit. The finding is consistent with International Finance for Agriculture Development (IFAD) project evaluation that shows that beneficiaries from their sponsored intervention experienced increase and diversified production and there was evidence of increase in rural household income and assets (IFAD, 2014b). In terms of profitability, the comparative study also demonstrated that respondents under Smallholders Agribusiness Promotion Programme exhibited higher levels of the profitability in contrast to respondents under Vision Fund Zambia. Smallholder Agriculture Promotion Programme recipients realised profits faster than microcredit because their business is heavily subsidised through the grant component while microcredit clients have to cope with making loan repayment at higher interest rate.

The findings also highlight inhibiting factors for the respondents who accessed Microcredit and matching grants towards improved productivity and profitability. The main constraints on the effectiveness of matching grants that were advanced during focus group discussion are delays in approval of project proposals and eventual disbursement of the funds as well as selection of the recipients. This particular problem is a cross cutting issue with matching grants facilities as highlighted by Phillips (2001) and is consistent with the findings by Coville & Fernandes (2012) on world bank project evaluation of matching grants programs in Africa. Microcredit respondents' main issues that were highlighted and significant relates to higher interest rates and shorter tenor of the facility and misalignments of the commencement of the loan repayment to the product. This particular phenomenon is consistent with the study by Rosenberg, Gonzalez, & Narain (2009b) on Institutionist approach towards the provision of

microloans and the cost of funds. This phenomenon is consistent with the findings by Carlos Serrano (2012) on how microfinance have drifted from their core objective to assist the vulnerable by charging higher interest rates. A balance of institution sustainability and outreach is suitable for microcredit institution in the study area as outlined by Balkenhol & Hudon (2011) cited by Verryn (2014).

### **5.2.2 Value Added Products**

Value addition on food chain can result in job creation on the upstream and downstream of the ordinary peasant farmers and ultimately reduce poverty (Irz et al., 2001). In the same disposition value added agriculture products can be a source of income at household and macro economy level. In addition according to Anderson & Hanselka (2009) adding value to agriculture products has greater economic impact that covers across all sector of the economy. The study shows that 65% of the respondents produced cooking oil from groundnuts for selling while 2% produced maize sample for consumption and selling and 33% produced sour milk. Therefore, from the study it is evident that the three products groundnuts, cooking oil, and sour milk are the major value additional products for the target respondents. Promotion of value added products is one intervention that can have impact on household livelihood development within the developing countries. In Zambia not much has been done to promote value chains through which agricultural products reach end users within the country and abroad. According to United Nations (2013) the country is losing enormous opportunities as a result of neglecting the prospect of developing value addition products. It's therefore no wonder that development institution is promoting value addition as remedy to poverty alleviation in rural market of transition and least developed countries. The findings show that 28% of respondents under Vision Fund Zambia and 32% under Smallholders Agribusiness Promotion Programme are in the value chain promotion of their produce. Marginally respondents under smallholders Agribusiness Promotion Programme (32%) are doing better as compared to Vision Fund Zambia (28%).

### **5.2.3 Business Performance**

The measures for assessing the stability of a business are by ascertaining the ability to meet business obligation. According to Frater & Franks (2013) the expectation from stakeholders for increased need for more food without compromising environment and social responsibilities is high and farmers must develop tools to measure the impacts of their decision on business. The study findings show that Smallholders Agriculture Promotion Programme recipients were better than Vision Fund Zambia at meeting business obligations. The main highlight for failing to meet business were as outlined here with Vision Fund Zambia respondents are; i) they were still paying the loan facility and it was difficult to adequately meet other business obligations ii) they need more time to settle the loans; iii) by the time their farming produce or livestock are ready for sell there is no readily available market to sell the products so as to raise funds to meet obligations on time. The most prevalent highlight from Smallholders Agriculture Promotion Programme participants was delays in processing the applications and eventual approval. Cross-cutting issues were that the businesses were still growing and needed more support.

## **5.3 Capabilities**

### **5.3.1 Marketing capability**

According to Shepherd (2007) smallholder's farmer's access to market is now the focus of researchers and all stakeholders that take keen interest in the development of rural economy and poverty among peasant farmers. It's known that there is increasingly chance for peasant farmers to raise income from agriculture through successful active participation in market. There evidence from the study that most respondents were able to sell their products to their target clients and there was marginal variation between the two groups of respondents; i.e. respondents from Vision Fund Zambia and Smallholders Agriculture Promotion Programme. However, respondents who did not manage to sell their products to their target clients advanced the following reasons; they stayed far from the market, poor roads and lack of readily available transport. This phenomenon is common problem in rural markets as highlighted by United Nations (2013) report on agribusiness business and Shepherd (2007)

that improvement in infrastructure, overcoming information asymmetry and communication network could lead to increased access to markets that could ultimately result to improved livelihoods.

### **5.3.2 Book keeping capability**

Assessment of business performance is dependent on accurate reporting that come about as a result of keeping business records. According to the business magazine for accountant ACCA (2013) good reporting enables business growth by making good decision for the business. The study shows that Vision Fund Zambia respondents seem to do better in record keeping compared to respondents from Smallholders Agriculture Promotion Programme. But what is important to note is that respondents from both service providers are beset with same nature and magnitude challenges in record keeping. The main attribute to this phenomenon is that most respondents level of education up to primary school education. Cross-cutting themes for not keeping records for business were as follows i) they did not keep records for business activities because they don't know how to read and write .ii) the did not see the use of keeping record since keeping records in themselves does not generate income, they would rather focus on activities which generate income

### **5.4 Household Assets**

According to Scoones (1998) possession and access of capital endowments such as assets can enhance livelihood development. To effectively undertake the comparative study, asset dimension of the respondents were assessed. The asset dimension is critical towards assessment of a comparative impact of the two interventions in communities. The study showed that ninety eight percent (98%) of the respondents own their own shelter. The finding (table 4.1 and 4.2) show that there was no significance difference between the respondents under Vision Fund Zambia and Smallholders Agriculture Promotion Programme. The plausible explanations for this phenomenon is that; most of the of the respondents have been doing business within two years while most respondents 52% have been living in their house for a period in excess of two years. . It's therefore obvious that the intervention had no impact

assets on both respondents under Vision Fund Zambia and Smallholders Agriculture Promotion Programme

## **5.5 Conclusion**

The study findings shows evidence that matching grants exhibited higher impact on economic activities (productivity and profitability) of the respondents as compared to microcredit. However there was marginal difference of the impact of the two interventions on capabilities and assets

## **5.6 Recommendations**

Given the study outcomes and having in mind the nature of the target audience of the two poverty intervention models which were understudy, there is need for the institutions which provide micro-credit to make necessary changes to the credit deliver methodology if they have to remain relevant as one of the critical tool for poverty reduction among poor rural peasant farmers in Zambia. Some of the reengineering of micro-credit aspects which meet is required in view of the target audience; Micro-Credit delivery methodology ; Micro-Credit product re-profiling in such areas as ; Micro-credit appraisal and approval processing period ;When their clients should pay their first repayment for the micro-credit acquired given the nature of clients and nature of businesses they are involved in (grace period) Period of liquidating the micro-credit facility (repayment period); Nature of support service offer to this target client before and after accessing the micro-credit facilities. (Skills development and back stopping services

Consideration of the above issues by micro-credit services providers would make some of their products aligned to the specific needs of the rural poor peasant farmers in Zambia but at the same time ensure that their businesses are a going concern. In the case of those institutions which are providing matching grants to the rural poor peasant farmers in Zambia, much as we understand that most of them are donor driven schemes, there is need to deal with the red-tape in processing for appraisal and approvals for such interventions but without necessary risking the projects outcomes .This shall further enhance the impact among their target audiences.

## CHAPTER SIX: RECOMMENDATION FOR FUTURE RESEARCH

The study provides numerous opportunities for conducting future in depth comparative research and other sub-studies as it relates to microcredit and matching grants interventions impact on the rural poor peasant farmers in Zambia and other Southern African countries. The study can be extended in various ways such as;

Firstly Lidgerwood Joanna (2013) highlights that microcredit institutions should focus on financial inclusion using branchless banking model to reach out to many clients by mobile money transfer, biometric identity, smart phones and wireless broad band internet access. Qiang & Kuek (2012) also show that mobile applications for agricultural and rural development in particular hold significant potential for advancing development. He further states that using mobile application platform could provide the most affordable ways for millions of people in rural areas to access finance. In the advent of these development there is need to conduct a study in Zambia in order to know the livelihood improvements of smallholder farmers.

Secondly access to finance can bring about livelihood improvement as evidenced from the study by Butler (2007).According to Finscope (2010) fifty eight percent (58%) of urban dwellers and sixty six percent (66%) of rural dwellers were financially excluded while the latest report of Finscope (2015) shows improvement on financial inclusion. There is need to conduct a study to know the impact of financial inclusion on poverty reduction in Zambia focusing rural and urban arrears.

Thirdly lack of information and communication network is a common phenomenon in rural areas and can perpetuate poverty among peasant farmers (Meitei & Purnima, 2009).There is an opportunity to conduct a study to assess information and communication needs among the rural dwellers in Zambia so that an effective intervention strategy can be formulated for rural dwellers.

There is little empirical work that has attempted to assess market dynamics of the rural poor peasant s farmers in Zambia. There is an opportunity for further research in this area as it will

ensure appropriating micro-credit products and ensure going concern for institution offering such facilities as much of them are in private hands. Much of micro-credit delivery methodology has just been replicated from other African regions without necessary taking into consideration the Zambian dynamics of the rural poor peasants.

This study thus therefore leaves adequate room for further comparative studies on the impact of micro-credit and matching grants, as the globe seeks for clear insight on how to deal with the poverty scourge among rural poor peasant in third world countries.

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**APPENDIX I**

**COMPARATIVE ASSESSMENT OF MATCHING GRANTS AND MICROCREDIT INTERVENTIONS IN IMPROVING LIVELIHOOD OF PEASANT FARMERS**

**QUESTIONNAIRE**

This research seeks to try and better understand the types of assistance you have received in order to grow your business and how these assistances have impacted on the business and your livelihood.

The information will be used not only to try and improve services provided, but also to help the relevant institutions to respond better to your needs; above all this study is an academic requirement to acquire Master Degree Programme. Your identity will not be disclosed to anyone. In fact, the form does not ask your name or that of your business. We therefore hope that you can provide us with you most honest thoughts to the questions raised in this research.

Thank you for the time you will take to respond to the questions

**FOR USE BY INTERVIEWER ONLY**

District.....

Interviewer Name: .....

Interview Date: .....

Time Started: .....

Time Finished: .....

**SECTION 1: RESPONDENT INFORMATION**

1. Are you the head of the household or spouse? Yes  No  (if no terminate the interview or ask for the head of the household or spouse)

2. Sex: Male  Female  ( Tick where appropriate)

3. Age Range:

16 - 25	26 - 35	36 - 45	46 - 55	56 - 65	Above 65
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4. Marital Status ( Tick where appropriate)

Single	Married	Divorced	Widowed	Separated
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5. Are you comfortable using English or the vernacular? English [ ] Vernacular [ ]

6. Highest formal education: ( Tick where appropriate)

None	Primary	Basic	High School	Certificate/Dip	Degree	Masters & Above
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7. Business sector (*Select only one major business activities*): ( Tick where appropriate)

Construction	Agriculture & Livestock (Farming)	Food Processing	Trading	Non-food Manufacturing	Services	Other Specify:
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8. Have you gotten any assistance to grow your business activity Yes  No  (if no terminate interview ) ( Tick where appropriate)

9. Indicate the nature of assistance you received. (indicate as many as applicable)

Financial assistance	Received livestock	Received farming inputs	Received farming tools	Received stocks for resell	Other Specify:
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10. Did you have to pay back any of the following to the providers of assistance

The money value of the financial assistance I received	The money value of the assistance plus interest	Paid back crop yield	Gave back livestock	Paid back nothing	Other Specify:
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11. Indicate only one provider of financial assistance you got to invest in your business activity you selected in question 6 ; ( Tick where appropriate)

Relative/Friend	Vision Fund	SAPP	Project Funded by SAPP	Other Specify:
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(If responded select Relative /Friend or Other specify terminate the interview)

## SECTION 2 ECONOMIC ACTIVITIES

1. For how long have you been in the business activity (Tick where appropriate).

0yrs to 2	3yrs to 5yrs	6yrs to 8yrs	9yrs to 11yrs	Above 12yrs
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2. How do you measure improved productivity of your business activity

Increased crop yield	Increased number livestock	Increased purchase order for business stocks	Increased rate of fulfilling orders	Other specify
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3. Before receiving assistant to invest in your business how was your productivity of your business?

Very high	High	Average	Low	Very low
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3.1 After receiving assistant to invest into your business how was your productivity of your business?

Very high	High	Average	Low	Very low
-----------	------	---------	-----	----------

4. Before receiving assistant to invest did your business make profit? Yes  No

4.1 If yes how was you were you profit levels

Very high	High	Average	Low	Very low
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4.2 A after receiving assistant to invest in your business did your business make profit? Yes   
No

4.2.1 If yes how was you were you profit levels

Very high	High	Average	Low	Very low
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4.3 Currently is your business been able to meet business obligations? Yes  No

4.3.1 If no what challenges are you still facing to meet your business obligations?

No finance to procure farming inputs	No finance to procure farming tools	No finances to cover increased purchase order for business stocks	No finances to fulfill orders	Other specify
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4.4 Have you been able to produce other products after receiving assistance to invest in your business? Yes  No

4.4.1 If yes indicate other products which you are or were able to produce after receiving assistance; (tick as many as applicable).

Produces Cooking oil from groundnuts for sell	Produced maize sample for consumption and sale	Produced cheese from milk for consumption and sale	Produce beef biltong for sales	Other specify
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**SECTION 3 CAPABILITIES:**

1. Before accessing assistance to invest into your business were you able to effectively sell your products to your target clients? Yes  No

1.1 If no why where you not been able to sell your products to your target clients?

I don't know where to sell my products	I have no transport to take my products to the market	The market is very far from where I stay	My products are not enough to meet my client's needs	Other specify
--	---	--	--	------------------

2. After accessing assistance to invest into your business were you able to effectively sell your products to your target clients? Yes  No

2.1 If no why where you not been able to sell your products to your target clients?

I don't know where to sell my products	I have no transport to take my products to the market	The market is very far from where I stay	My products are not enough to meet my client's needs	Other specify
--	--	--	--	------------------

3. Before accessing assistance to invest into your business were you able to keep records for your business activities? Yes  No

3.1 If no why were you not able to keep records for your business activities?

I don't think it's important to keep business records	I don't know how to maintain or keep business records	I don't have time to keep business records	Other specify
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4. After accessing assistance to invest into your business were you able to keep records for your business activities? Yes  No

4.1 If no why were you not able to keep records for your business activities?

I don't think it's important to keep business records	I don't know how to maintain or keep business records	I don't have time to keep business records	Other specify
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**SECTION 4 ECONOMIC ACTIVITIES**

1. Do you own the house you are living in? Yes  NO

2. What are the walls of the house made of? (observe)

Reed	Wood	Metal/corrugated sheets	Stone/bricks/cement/ concrete	Other, please specify
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3. What is the roof of the house made of? (observe)

Cement/concrete	Metal/corrugated sheets	Straw/wood/reed/grass	Other, please specify
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4. What is the floor of the house made of? (observe)

Cement/concrete	Tiles	Wood	Mud/sand/clay	Other, please specify
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5. For how long have you been living in this house?

Less than 6 months	6 – 12 months	1 – 5 years	Over 5 years
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6. Indicate the number of the following house hold assets you owned before and after accessing assistance to invest in your business.

Assets	Number of asset before	Number of assets After (now)
Bicycles Owned		
Motorbikes Owned		
Cars Owned		
Battery Solar panels owned		
Radios Owned		
Televisions owned		
Cell phones owned		
DVDs owned		
Sewing machine owned		
Tables Owned		
Mattresses Owned		
Braziers Owned		
Satellite Dish Owned		

Other HH Asset Owned		
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7. Indicate the number of the following Agriculture assets you owned before and after accessing assistance to invest in your business;

Assets	Number of asset before	Number of assets After (now)
Hoes Owned		
Axes Owned		
Slashes Owned		
Ploughs Owned		
Ridges Owned		
Harrows Owned		
Ox-cart Owned		
Tractors Owned		
Rippers Owned		
Hammer Mill Owned		
Hand mill Owned		

Treadle pump Owned		
Other Assets Owned		

8. Do you think the household and agriculture assets you acquired after accessing assistants to invest in your business were as a result of improved business activities? Yes  No

8.1 If no specify the other sources which helped you to finance procurement of household and agriculture assets.....

9. Do you think the assistance you received has helped you to grow your business and improve your life? Yes  No

9.1 If no specify the reasons where the assistance you received didn't help to grow your business and improve your life.....

.....  
 .....

**Thank you for allowing me to have an interview with you**

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## APPENDIX II

### FOCUS GROUP DISCUSSION GUIDE

( COMMUNITY LEVEL )

#### Comparative Assessment of Matching Grants and Microcredit Interventions in Improving Livelihood of Peasant Farmers

District

Moderator:

Date

Start time

End time

#### Instructions for Interviewer

##### (Consent Process)

1. Ensure consent is sought in advance by a FGD organizer/s
2. Ensure the FGD organizer/s uses a standard consent form
3. Check beforehand if the recording equipment is working properly
4. Ensure the group understand the purpose of the FGD
5. The participants should be comfortable and in a mood to sit with you for about 60 minutes at least. If this is

not possible, please request for another schedule.

6. Ensure that the group set ground rules

## 1.0 INTRODUCTION

Good morning. My name is ..... We are very pleased you have agreed to join us today. We are here to talk about the types of assistance you have received in order to grow your business and how these assistances have impacted on your business and your livelihood.

The discussion we are going to have is called a focus group. For those of you who have never participated in one of these sessions I would like to explain a little bit about this type of research.

Focus groups are used to gather information informally from a small group of individuals who have a common interest in a particular subject, in this instance, the types of assistance you have received in order to grow your business and how these assistances have impacted on your business and livelihood.

This discussion will provide invaluable information to services providers on how they can offer better services in future.

In focus groups, there are no right or wrong answers. We want to hear from everyone in the room. We are pleased you can be part of this group because we think you have important ideas regarding the types of assistance you have received in order to grow your business and how these assistances have impacted on the business and your livelihood. Don't hesitate to speak up when you have a point you would like to make.

I will be moderating the session so that we touch on all of the key subjects on the agenda. I would like to avoid getting bogged down on issues that don't pertain to everyone in the group. If I think that we are spending too much time on one subject, I will step in to keep the discussion moving.

We will be keeping a record of this discussion so that I don't have to take notes. I like to follow what is being said and then go back later to review what you said again so I can accurately convey your ideas and opinions.

My role today is to see that we have a productive discussion and to summarize the group's feelings. I will not

refer to any participant by name in the reports I will prepare.

The information will be kept confidential and used only by the researcher to acquire his Master's Degree Programme and for the services providers to provide appropriate services, thus better addressing your needs and those of other.

QUESTION ONE: I would like to begin by going around the table and asking each of you to tell us a little about yourself and your family and about social economical services (the type of business they are involved in, type of assistances they have received to grow their businesses. (Probe names of the services providers, when they accessed the service and how frequent they accessed the assistance and whether the service providers provide basic trainings in book keeping).

### **QUESTION TWO: ECONOMIC ACTIVITIES**

FOLLOW-UPS: For how long have you been in the business activity

- How do you measure improved productivity of your business activity
- Before receiving assistant to invest in your business how was your productivity of your business?
- After receiving assistant to invest in your business how was your productivity of your business?
- Before receiving assistant to invest did your business make profit?
- If yes how was you were you profit levels
- After receiving assistant to invest did your business make profit?
- If yes how was you were you profit levels
- Currently is your business been able to meet business obligations
- If no what challenges are you still facing to meet your business obligations?
- Have you been able to produce other products after receiving assistance to invest in your

business?

- If yes indicate other products which you are or were able to produce after receiving assistance.

**QUESTION THREE: CAPABILITIES:**

FOLLOW-UPS: Before accessing assistance to invest into your business were you able to effectively sell your products to your target clients?

- If no why where you not been able to sell your products to your target clients?
- Before accessing assistance to invest into your business was you able to keep records for your business activities
- If no why were you not able to keep records for your business activities?
- After accessing assistance to invest into your business was you able to keep records for your business activities
- If no why were you not able to keep records for your business activities?
- Before accessing assistance to invest into your business were to pay school fees timely for your children
- If no why were you not able to pay school fees timely for your children/relatives?
- After accessing assistance to invest into your business were to pay school fees timely for your children
- If no why were you not able to pay school fees timely for your children/relatives?

### **QUESTION THREE: SOCIO-ECONOMIC LEVEL**

**FOLLOW-UPS:** Have you been able to procure house hold and agricultural assets after accessing assistance to invest in your business?

- If so Indicate the nature of household assets
- If so Indicate the nature of agricultural assets
- Do you think the household and agriculture assets you acquired after accessing assistants to invest in your business were as a result of improved business activities?
- If no specify the other sources which helped you to finance procurement of household and agriculture assets
- Do you think the assistance you received has helped you to grow your business and improve your life?
- If no specify the reasons where the assistance you received didn't help to grow your business and improve your life