TEACHERS AND MICROFINANCE LOANS FOR SUSTAINABLE DEVELOPMENT: EXAMINING SOURCES, OPPORTUNITIES AND CHALLENGES IN KASEMPA AND SOLWEZI DISTRICTS OF ZAMBIA

By

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DECLARATION

I, **Jacob Hussein Munshi,** do hereby declare that this dissertation is my own work and has not been previously submitted for a degree, diploma or any other award at this or any other university except in the case where acknowledgement has been made in the text.

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APPROVAL

This dissertation of **Jacob Hussein Munshi** has been approved for the partial fulfilment of the requirements for the award of the degree of Master of Education in Education and Development by the University of Zambia.

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ABSTRACT

This study focuses on examining sources of microfinance loans, the opportunities and challenges which these loans pose to teachers in Zambia as they try to attain sustainable development. Two theories inform this study: The Theory of Microfinance (Muhammad Yunus-1974) and The Theory of the Balance of Commodities and Discommodities of Usury by Bacon -1625 as they are heavily linked to micro financing in developing countries. In this study mixed method imbedded design is used where the quantitative design took prominence supplemented by the qualitative design. A sample of 407 which comprised 405 teachers and 2 financial service providers in 22 schools both in Solwezi and Kasempa were sampled. Critical purposive sampling was used to select 5 teachers who were highly indebted from microfinance loans and simple random sampling was used for the rest of the participants. Data from interviews was analysed through coding, labelling and according to emerging themes, while Statistical Package for Social Sciences (SPSS) was used to run statistical tests of both descriptive and inferential nature on questionnaire results and presented in statistical output tables, pie-charts and graphs. Excel was also used to generate charts and graphs. The study established that the main sources of microfinance for teachers were formal microfinance and these included: Bayport, Izwe, Madison Finance among others and banks with a small portion getting from Kaloba or individual money lenders (shylocks) as well. Education, business, land or home ownership, motor vehicle purchase, and solving social problems among others were the major opportunites for teachers borrowing from microfinance loans. There was further indication that lending rates were very high and quit unsustanaible. The sudy further established indebtedness, high lending rates,double deductions, delayed refunds among others as major challenges teachers had from microfinance institutions. The study, therefore, concluded that the high lending rates made microfinance seem to have made a negligible positive contribution to sustainable development and consequently proved not to be a sustainable source of finance for teachers. The study, therefore, recommended that lending rates should be lowered, and government should also recapitalise Public Service Microfinance Company so that it can adquately provide low interest and sustainable loans to government employees.

Key Words: Micro finance Loans, Sustainable Development, Teachers, Challenges, Opportunities.

DEDICATION

I dedicate this research to my late aunt and friend Sheba Mwale for making me realise my potential and for being my emotional pillar in my early life and for building a character of self- reliance and hard work and for the financial support towards my education. I am what people see today mainly because of her tireless effort and dedication of her precious time and other irreplaceable and valuable resources. May her soul rest in eternal peace. I also dedicate this study to my wife, Prudence Ngungu, for taking care of our children during the period I was away from home and to my children: Nkhundezhi, Chisomo, Chabota, Olivia, Diana, Douglas and Thandiwe.

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ACRONYMS AND ABBREVIATIONS

ATM	Automated Teller Machine
CRB	Credit Rating Bureau
CHAZ	Churches Health Association of Zambia
DEBS	District Education Board Secretary
MFI	Micro Finance Institution
MFL	Micro Finance Loans
NGO	Non Gouvernemental Organisation
PEO	Provincial Education Officer
PSMFC	Public Service Microfinance Company
PSMD	Public Service Management Division
PPI	Progress out of Poverty Index
PMIC	Payroll Management and Establishment Control
PSW	Public Service Workers
SD	Sustainable Development
SDG	Sustainable Development Goals
SPSS	Statistical Package for Social Sciences
UNDF	United Nations Development Fund

Operational Definition of Terms

Challenges: Problems resulting from or in relation to borrowing from microfinance.

Sustainable Borrowing: Using loan money in a manner that does not disrupt the way of life in meeting one's routine basic needs.

Opportunities: Chances for one to develop oneself sustainably as a result of having access to affordable finance or capital. What are the things teachers can do now what they could not do before introduction of microfinance loans?

Microfinance Institutions (MFI): Non-banking money lending institutions that give money to workers using salary as collateral for loans.

Sources: The places where teachers get their loans whether formal or informal.

Sustainability: Living within one's means-living within one's economic resources.

Sustainable Development: The process of living within the limits of available economic resources. Self- sustaining or self-replenishing development that does not constrain the developer and will continue into the future.

Consumption: Expending money on items that do not generate cash flow.

Teacher performance: The promptness of the teacher in completing classroom work such as marking, lesson, records, scheme preparation and other classroom routine tasks.

Indebtedness: A teacher who has multiple loans (debt) and gets a salary of K 2500 and below.

Poverty: A condition where one is not able to meet basic needs in life due to limited access to adequate financial resources.

CHAPTER ONE: INTRODUCTION

1.1 Overview

In this chapter the researcher focussed on the background to this study which is focused on sources, challenges and opportunities for teachers have or face from microfinance loans in Kasempa and Solwezi districts, the researcher also states the problem statement, the objectives of the study, the research questions, purpose of the study, and the significance of the study. The conceptual and theoretical frameworks also appear under this chapter.

1.2 Background

Microfinance has become a much talked about topic as one of the most important tools of sustainable development because of some of the interventions it provides in alleviating poverty. The concept of sustainable development is quite recent. This term was first used at Bruntdland Commission of 1987 which defines sustainable Development as, “development that meets the needs of the present without compromising the ability of the future generations to meet their own needs.” It was first published in (Our common Future: 1987 Report on World Commission on Environmental Development). Development can only be called development if it meets what are termed as pillars or dimensions of sustainability: ecological, social equity and economic pillars which are also called dimensions. Sustainable Development is no longer just about the environment; from 2002 it encompasses social justice, equity and the fight against poverty (Navin, 2017). The launching of Sustainable Development Goals in 2016 further domesticated the concept in many countries globally including Zambia influencing development, policy formulation and implementation framework.

Sustainable development under the ecological dimension, is development which ensures that in the process of trying to develop, the ecological resources are not depleted but are used sparingly so that they can continue to provide the means for survival to humans both the current generation and those of the future. This can only happen if the ecological processes are given enough time to replenish themselves through their own natural processes without man’s intervention. This fact was further stressed by Pearce and Turner (1990, p. 44) who argued that “Under the framework of ecologically sustainable development, humans should keep ecosystem and ecological process stable and improve the structure and function of ecosystems."

Social Sustainability is one other pillar or dimension that is equally important as far as sustainable development is concerned. This pillar ensures that, according to Dev Sustain (2008, p. 179):

> "Matters of universal human rights and basic necessities are attainable by all people, who have access to enough social resources in order to keep their families and communities healthy and secure. Healthy communities have just leaders who ensure personal, labour and cultural rights are respected and all people are protected against discrimination."

Economic Sustainability is another important dimension of sustainable development. This dimension according to University of Alberta Advisory Committee on sustainability (2010, P. 2) ensures that, "people have access to economic resources that they require to meet their needs. Economic systems and resources such as secure sources of livelihood should be intact and available to everyone." This pillar is concerned with sustainable consumption and lifestyles. Organisation for Economic Co-operation and Development (2002) asserted that, sustainable consumption could be understood to include a range of changes in behaviour, such as greater efficiency in the consumption of energy and resources (financial and material) in the home, the minimisation of wastage, and more environmentally sound purchasing habits of households. This pillar advocates for change in consumption habits by taking multi-stakeholder approach, such as public policy, market innovation, NGO mobilisation of consumer groups, and voluntary initiatives among consumers themselves. In short, there is need for the society to adopt sustainable lifestyles. Manzini (2006, p.1) defined sustainable lifestyle as "a way of living that is supported both by efficient infrastructure, goods and services, and by individual choices and actions that reduce the use of natural resources, and generation of emissions, wastes and pollutants, while supporting equitable socio-economic development and progress for all humanity." This could only be achieved if as humanity, we could rethink our lifestyles; the necessity of what we bought, how we lived, and how we spent (Sustainable Development Commission, 2011). This meant that if we had to achieve sustainable development as a society, we needed to change our mind set to embrace decision making that did not compromise the future generations. There was a need according to Manzini (2006) to keep a watchful eye on some Western lifestyles of consumerism that were spreading all around the world through products and services, media and international trade policies where societies slowly discarded their local sustainable ways of life which had supported their livelihoods while protecting the ecological systems for generations to adopt these new unsustainable lifestyles which fuelled consumption of natural resources. The economic pillar was what had a direct implication to this study. The question was, did the teachers have access to sustainable economic systems and resources they needed to meet their livelihood needs and in turn contribute to sustainable development?

Microfinance just like the concept of sustainable development is a quite recent field as evidenced by different sources of literature which indicate that the modern-day microfinance started somewhere in the 1970s championed by Muhammad Yunus though it existed earlier in the 1960s as small donations to the poor by NGOs and development agencies. He began an experimental research project providing credit to rural poor in his country of Bangladesh (Kiiru, 2007; Yeboah, 2010 and Microcredit Summit 2005).Yunus borrowed a small loan and then got some of his personal savings in 1974 to start a bank which is today called Grameen Bank (Chileshe, 2009) which pioneered the modern day microfinance, as we know it, providing small loans and services profitably on a large scale. Microfinance has now gained a reputation as one of the most important tools of development. Hermes (2007) also observed that modern time public debates are indicating that microfinance is becoming an important instrument with which to fight poverty and improve living standards of the poor.

In Zambia however, the concept of microfinance takes many forms ranging from individual lenders to established commercial microfinance lenders who mainly concentrate on salaried workers to whom they issue salary guaranteed loans.

From the 1960s when they first started reaching the public domain as small donations by NGOs, microfinance have grown significantly developing new methods with less collateral and have become more and more commercialised to offer small loans to low income earners and according to Khan (2005), Microfinance Institutions have grown rapidly in Asia, Africa, Eastern Europe and Latin America where there was limited bank infrastructure in some cases, more than 80 percent of the population did not have bank accounts. As for Zambia, the emergence and eventual growth begun in the early 1990s after the change of government and political ideology of United National Independence Party (UNIP) which was inclined to socialism and nationalism that marked a transition from colonial era, to Movement of Multi-Party Democracy (MMD's) neo-liberal ideology. Zambia's financial sector underwent a massive over haul and extreme distress, with many of its financial institutions such as LIMA Bank, CUSA, Meridian BIAO to mention but a few closings down. “In the 1990s, Zambia experienced financial sector distress,” (Frazer, 2015, p.25). This resulted in adverse consequences in the financial and banking system, especially locally owned banks. This crisis resulted in the closure of nine banks. This led to loss of consumer confidence and migration to international banks which they deemed safer. This new change posed a serious challenge of financial gap especially in rural areas with a population already faced with struggling industrial base due to privatization of the mines and liquidation of most government companies, banks had no choice but to be innovative. These new innovations led to the rapid growth in microfinance sector witnessed in the last two decades.

Since the inception of microfinance lending in Zambia in the late 2000s, after liberalisation of the economy however, not much has changed among government workers. Their standards of living have equally not improved as expected. Many contemporary studies such as: (Tembo, 2014; Okoye & Siwale, 2017) in Zambia have shown that civil servants are facing serious financial challenges as a result of borrowing from microfinance institutions**.** This trend is the same even among teachers. Research conducted by (Tembo, 2014), indicated that government workers face serious challenges such as high indebtedness among others as a result of over-and multiple borrowing. A Study conducted by Fraser (2015, p.16) revealed that, “As at mid-2014, there were approximately 360,000 scheme loans outstanding, of which nearly three-quarters (270,000) were for government employees.” In addition, Chongo (2015, p.10) stressed that “It is estimated that about half of all payroll borrowers have more than one loan outstanding, with the highest incidence of multiple borrowing found among government employees.” What is making this problem more pertinent is that this trend is not peculiar to Zambia; research has also shown that there are similar trends among civil servants elsewhere including Malaysia and South Africa. In 2012, the Public Service Commission (PSC) in South Africa found that one in every 5 civil servants was drowning in debt, as evidenced by the emolument attachment, or “garnishee” orders, being deducted from their salaries each month (Maake, 2015).

Malaysian Department of Insolvency (2011) as cited by Yasotha et al (2016, p.2) also indicated a growing concern on debt problem affecting civil servants in Malaysia reporting statistics of around 1,086 civil servants out of 1.24 million reportedly being declared bankrupt. Many studies have examined components of microfinance with most of them focusing on individual components such as group loans (Kiiru, 2007), microcredit insurance and savings; (Stewart, 2010). There are very limited and scanty studies available however, that have tried to address: sources of microfinance, opportunities and challenges of microfinance especially on teachers and their contribution to sustainable development, hence the need for this study.

1.3 Statement of the Problem

Despite the introduction of microfinance loans which were aimed at uplifting the standards of living of civil servants' teachers inclusive, studies by Tembo (2014) and Okoye & Siwale (2017) among others still show that the standards of living among civil servants in Zambia have remained relatively low, and that many civil servants were over and multiple borrowing which in the long run led to indebtedness and many other challenges emanating from microfinance loans. Furthermore, currently, not much information is available about how the loans obtained from microfinance are utilised, what opportunities they present, how they contribute to sustainable development, what challenges they pose to their clients, what their effects on teacher performance are.

1.4 Objectives

The objectives of this study were:

(a) to ascertain the sources of teacher microfinance loans in order to establish the sustainability of lending rates in achieving sustainable development.
(b) to establish the opportunities the teachers had from microfinance loans in order to determine how loans are utilised for sustainable development.
(c) to explore the challenges faced by teachers as a result of microfinance loans in order to establish their effects on teacher performance for sustainable development.
(d) to suggest mitigation strategies to the challenge's teachers faced from microfinance loans in order to achieve sustainable development.

1.4.1 Research Questions

(a) What were the main sources of microfinance loans for teachers?
(b) What opportunities were created for teachers by micro finance loans?
(c) What were the major challenges faced by teachers from microfinance loans and their effects on teacher performance?
(d) What would be some of the ways of mitigating the adverse challenges faced by teachers from microfinance loans to achieve sustainable development?

1.5 Purpose of the Study

The purpose of this study was to examine the sources, the opportunities and challenges of microfinance loans for teachers and suggest appropriate strategies that would help in alleviating the suffering faced by teachers due to challenges such as high indebtedness resulting from over borrowing and advise policy makers to find sustainable sources of financing for teachers.This research also aimed at devising appropriate strategies that would help teachers identify and utilise opportunites presented by microfinance loans in order to achieve sustainable development.

1.6 Significance of the Study

This study might expose the pertinent matters at the heart of microfinance lending to teachers, a move that may pave way for policy makers in the Ministry of General Education in collaboration with the Ministry of Finance in devising interventions to the challenges faced by teachers in accessing fair and sustainable micro financial services. This research could also contribute immensely to the body of knowledge especially in the Zambian context as literature has shown that this area was not adequately researched.

1.7 Delimitation of the Study

This study focused on teachers in Kasempa and Solwezi Districts in the North Western Province. The implication of this is that, the results of the study could not be generalised and be treated as representative of the rest of Zambia. However, it is the researcher’s assumption that this study might paint a picture that may be obtaining in many districts across Zambia with similar socio, and economic demographics. Kasempa was specifically chosen for this study as statistics from money lenders showed that Kasempa District had the highest number of borrowers, especially among teachers, in North- Western province by percentage. In addition, Kasempa District is classified as one of the 5 worst impoverished districts in Zambia (CSO, 2010). Solwezi was specifically chosen due to its rapid urbanisation resulting from the newly opened mines and large population of teachers needed for the study sample.

1.8 Limitation of Study

The biggest limitation to this study was accessing data on personal information regarding loans such as document analysis of payslips which could have revealed authentic data due to ethical issues that were associated with such data in terms access, use and subsequent publication.

1.9 Theoretical Frame Work

1.9.1 The Balance of Commodities and Discommodities of Usury (Bacon 1625)

Hannam (2012, p.27) in his article, "The Morality of Money Lending," discloses that, "The more recent period, the political regulatory approach to the problem of money-lending found articulate expression in Francis Bacon's essay "Of Usury", published in 1625." Bacon lists the arguments against usury and those in its favour. The conclusion he draws is that money-lending is necessary and should not be abolished, but should be regulated. He goes on to comment that "through the balance of commodities and discommodities of usury, two things are to be reconciled. Firstly, that the tooth of usury be grinded, that it does not bite too much; that there be left open a means to invite people with money to lend to the merchants, for the continuing and quickening of trade," Hannam (2012, p. 28). This theory supports money lending but is against lenders exploiting borrowers, which is in line with the approach of the researcher in exploring, the opportunities, and challenges faced by teachers as consumers of microfinance loans. This study is not against microfinance loans but it is against lenders exploiting borrowers. Hannam (2012) continues to give a comprehensive analysis of Bacon's theory that his (Bacon's) policy, recommendations involved a two-tier interest rate cap: a 5 percent ceiling on retail lending, with no tax or restraint on trade, and a rate of 9 per cent for commercial lending, to be conducted only by licensed lenders, who would pay a small tax to the state. What Bacon meant here was that retail lending; retail lenders like all microfinance companies and commercial banks should give loans whose interest does not exceed 5 percent and that commercial lending like corporate companies for business, should be at 9 percent.

Today, the proponents of Bacon have emerged and prominent names in this field are Walsh & Lynch (2008) who have put forward a contemporary version of Bacon's argument suggesting that, “money-lending for interest is useful in some circumstances, but that the conditions under which money bargains should be made, together with the subsequent relationship that pertains between the lender and the borrower should be in constant check.” This led them to a conclusion according to Hannam (2012, p. 28) that:

> Interest, then, is morally permissible, in so far as it gives rise to great public benefits, so long as it does not exploit the desperation of the needy or ignorant in such a way that they pay exorbitant rates of interest or find themselves caught in a net of debt-bondage. These moral concerns are of sufficient weight to warrant both the exercise of individual conscience and intervention by government in the way lending institutions function.

For Walsh & Lynch (2008), the economic benefits of money-lending for interest are acknowledged to be substantial but, given the dangers or exploitation the need for state regulation is reaffirmed by Bacon’s theory and its contemporary version as postulated by Walsh and Lynch (2008), accept that money lending is necessary but that the lending interest should be regulated by government. This is in line with the researcher’s approaches of devising mitigating strategies to the challenges of money lending in microfinance.

1.9.2 Theory of Microfinance (Muhammad Yunus-1974)

Muhammad Yunus was born in 1940 in Chittagong and studied economics at Vanderbilt University in the USA in 1969. His assertion is that poverty can be eradicated through micro financing: lending small amounts of money to poor people especially women who have no collateral and access to bank loans. He believes that economic and social development can be initiated from the bottom poor. “Mohammed Yunus and the *Grameen Bank (*Yunu’s bank which he opened to offer microfinance bank) were awarded with the *Nobel Peace Prize* due to their efforts to create economic and social development from below” (Nobel Prize, 2006). Lane (2003, p. 15) supported this view by stating that “Yunus’ reasoning is simple: poor people have skills that are under-utilised and have the ability to lift themselves out of poverty if given the opportunity.” However, at the same time, critics of microfinance also started to reach the public through the media (Bunting, 2010). In many cases these criticisms were targeting *Grameen Bank* with the argument that microcredits did not really help the poor but on the contrary, they could make poor people fall into a spiral of over-indebtedness (Bajaj, 2011). Yunus’ theory is in line with this study due to the fact that microfinance loans were introduced by government to teachers to increase access to finance since most of them had no collateral and moreover many seemed to fall in the low-income bracket. The question would be; is this theory applicable to Zambia? This theory also helped the researcher identify what opportunities microfinance loans had created among teachers and pin point the major challenges as well.

10. Conceptual Frame Work on Teachers and Microfinance Loans.

The model in Figure 1 shows a conceptual frame work for teachers and microfinance loans

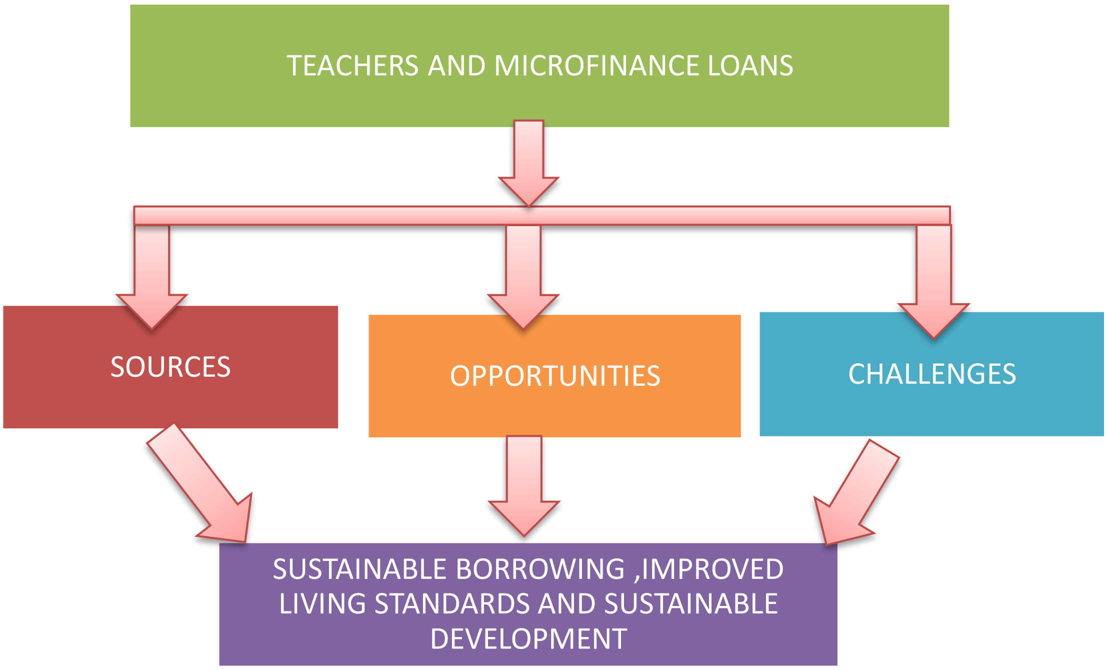


Figure 1: Conceptual Framework

The above model (Figure.1) illustrates Teachers and Microfinance Loans where it is assumed that if sources of microfinance loans could be examined for their sustainanbility in fostering sustainable development and if challenges could be identified, strategies for their mitigation could be devised and if opportunities could be identified and their utlisation established, sustainable borrowing and sustainable development might be achieved by teachers. This could in turn lead to improved standards of living among teachers which was in line with sustainable development goal number one which aims at ending poverty in all its forms everywhere 2016,United Nations Sustainable Development Goals and the governments target of, “Improving access to affordable credit and other financial services as well as the development of capital markets in both rural and urban areas, for both men and women” (Vision, 2030).

CHAPTER TWO: LITERATURE REVIEW

2.1 Overview

The preceding chapter presented an introduction to the study on Teachers and Microfinance Loans: examining sources, opportunities and challenges in Kasempa and Solwezi districts. This chapter focuses on literature review of selected studies related to microfinance loans, sources, challenges and opportunities by different scholars written in a Global, African and Zambian contexts.

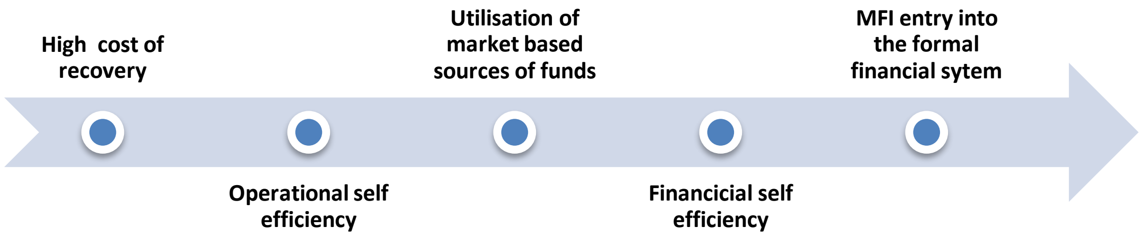
2.2 Evolution of Microfinance Loans in the World.

Microfinance is a young field though its evolution and its eventual growth have been rapid. This evolution created a new system in the microfinance business as opposed to the subsidised rural credit programmes of the 1950s and late 1960s that were in form of donations to the poor rural house-holds to a new system that insisted on repayment, charging interest rates that covered the cost of repayment (Stainly, 2010 & Yeboah, 2010). All this revolutionary thinking was Muhammad Yunus' initiative through his Grameen Bank which eventually earned him a Nobel peace prize in 1996 for his contribution to the provision of microfinance to the poor (Kiiru,2007; Roodman & Qureshi, 2006). Before Yunus' initiative, the rural poor did not have access to formal micro financial services but now this idea has spread from Asia, through Africa to Latin America (Mohinder & Dara, 2007). From Grameen Bank and its potential for making high profits, many countries were attracted to join; India, many Africa countries and Latin America followed suit. The 1990s became known as "A decade of microfinance." (Ditcher, 1996, p.6). Its rapid growth saw the emergence of commercialisation of the sector. Since then, there has been a constant shift from microcredit provision to the poor as earlier mentioned, to other services such as insurance, savings and pension (MIX, 2005). The category of clientele has equally slowly been becoming diverse in many countries from only covering financial needs for the poor to civil servants and small entrepreneurs. This is what has led to the rapid growth of this sector in the past 50 years.

At the time of this study, the impact of microfinance especially in the developing countries could no longer be underestimated judging from the figures provided by United Nations Development Fund (UNDF, 2004) which put the figure at 10,000 Micro-Finance Institutions (MFIs) in the world. Microfinance systems have seen constant growth and evolution; designing new techniques and products that solve the fundamental problems of costs, building volume, keeping repayment rates and preventing fraud while operating with the poor (Roodman & Qureshi, 2010 & Kiiru,2007).

In the late 1990s, the drive-in microfinance had been moving towards commercialisation and this is the current stage in the evolution cycle of microfinance. United Nations Development Fund UNDF (2005, p.5) stated that “As commercial banks have realised that poor people’s finance can be profitable, an increasing number have gone down into the market to tap into the lower income clientele.” The 2003 World Bank Consultative Group, to assist the poor (WBCGP), estimates that there are currently around 225 commercial banks engaged in microfinance and that the figure was increasing.

Partnerships between commercial banks and microfinance institutions are also becoming common. Banks are using competitive advantage as they own most of the new financial technologies which MFIs have integrated such as the use of the Automated Teller Machines (ATMs) United Nations Capital Development Fund (UNCDF, 2005). It is these technologies that had increased the efficiency and reduced initial high cost that was associated with microfinance in its inception, facilitating the integration of micro financial institutions into the mainstream financial system. The technologies had also facilitated the integration and diversity between these two institutions. Microfinance information exchange (2006, p.36) added that, “Microfinance Institutions (MFIs) in sub-Saharan Africa now include a broad range of diverse institutions that offer financial services to low income clients: non-governmental organisations, non- bank financial institutions, cooperatives, rural banks savings and postal financial institutions and an increasing number of commercial banks.” A summary of microfinance evolution is given in Figure 2.



Source: Charitoneka and Raahman (2002).

Figure: 2. Summary of global microfinance evolution.

From the foregone discourse, it is not difficult for one to see the direction of MFIs from their original intention of poverty eradication to a profit motive. This move is creating a new challenge among the poor as indicated by Bajaj (2011) who argued that in many cases, the critics that target the Grameen Bank argued that microfinance did not really help the poor but on the contrary, they could make poor people fall into a spiral of over indebtedness.

2.3 Microfinance from the Zambian Perspective

The definition of microfinance from the Zambian perspective is based on the current Microfinance Act (2006, P.4) that defines microfinance as:

> The provision of financial services primarily to small or micro enterprises or low income customers. -"microfinance service" means the provision of services primarily to small or micro enterprises or low income customers and includes the following:*(a)* the provision of credit facilities usually characterised by frequent repayments; and*(b)* the acceptance of remittances and any other services that the Bank of Zambia may designate.

The regulation further defines a low income customer as a person who is economically active, receives low income and does not have access to formal financial institutions. Micro credit is defined as a credit facility that does not exceed a credit of 5 per cent of the primary capital of a licensed microfinance institution, as prescribed by the Bank of Zambia. Nevertheless, this definition was somewhat inadequate as it did not include other borrowers such as the payroll based lenders who in this case were of great interest to this study.

2.4 Evolution of Microfinance in Zambia.

In the 1990s after change of government and change in political ideology of the United National Independence Party (UNIP), to the Movement of Multi-Party Democracy (MMD)'s neo-liberal ideology, Zambia's financial sector underwent a massive over haul, with many financial institutions such as LIMA Bank, CUSA, Meridian BIAO, to mention but a few, going under just as amplified by Frazer (2015, p.25) that:

> In the 1990s, Zambia experienced financial sector distress. This resulted in adverse consequences in the financial and banking system, especially locally owned banks. This crisis resulted in closure of nine banks. This led to loss of consumer confidence and migration to international banks which they deemed safer.

This revolution created a new challenge of financial gap especially in rural areas with already struggling industrial base due to privatisation of the mines and liquidation of most government companies. This situation left the banks without an option but to be innovative. According to Frazer (2015, p. 38), "From 2004, there was a policy shift and Bank of Zambia granted licenses to 10 Microfinance Institutions. This resulted in a shift by most established financial institutions towards a new product and more specifically personal lending with the employed through payroll deductions."

This marked the beginning of payroll based lending which led to unprecedented growth in the microfinance sector especially payroll based. The problem of access was no longer an issue. Civil servants would now borrow money almost from any lender and this included teachers who make up the majority of the civil service. Lenders started taking advantage of the spiralling demand; they started escalating the lending rates which led to an increase in lending rates making loans expensive and reduced loanable amounts. This resulted in MFI increasing the loan repayment periods in order to make their clients borrow bigger amounts; from the initial 3 months to 60 months (Frazer, 2015). This posed a new challenge, which according to Microfinance Transparency (2010, p.18), "The Bank of Zambia became concerned with the cost of credit. In April, 2012, it announced an introduction of Interest Rate Policy." It further explains that "in 2012 interest rate ceilings were introduced for Commercial Banks." However, these interest rate caps lasted only for a few years and were removed in 2015 citing market distortions.

Due to increased lending rates (46-60%), loanable amounts to low income earners such as teachers as well as other civil servants reduced. This led to multiple and over borrowing that resulted in debt trap. Research carried out by both Frazer (2015) and Microfinance Transparency (2015), cited indebtedness among borrowers as one of the major challenges. "As a result, over the coming years, Public Service Management Division (PSMD) engaged with the private sector and financial institutions on how the problem of multiple borrowing and indebtedness could be addressed," (Frazer, 2015, p.37). Similar observations were made by Okoye & Siwale (2017, p.15) who stated that "The Association of Microfinance Institutions in Zambia was also of the view that the excessive interest rates didn't reflect the social mission which microfinance was known for. Interest rates as high as 200 per cent were being charged, particularly by the payday-lender MFIs." The current status of microfinance lending in Zambia today is one characterised by high lending rates and high commercialisation. Similar observations were made by Roodman (2011, p.84) who stated that, "The principal source of revenue for the microfinance sector is interest on loans, which is rarely published. Rates exceeding 100 per cent per year even over 200 per cent are disturbingly common, particularly in Zambia and Mexico." This trend has led to more teachers, just like any other civil servants, resort to old unconventional means of borrowing through shylocks and other sources, the latest one being group lending commonly known as "Village Banking" a concept borrowed from Asia; India and, Bangladesh; group lending which had been mainly facilitated by women Non-Governmental Organisations (NGOs) such as Churches Health Association of Zambia (CHAZ) here in Zambia. This trend was similar to trends in microfinance sectors in Asia and Latin America which were mainly characterised with high interest rates, rapid payments and commercialisation. It was not surprising that some scholars like Stewart *et al*. (2010) classified microfinance as the fastest growing and the most profitable financial sectors in Asia and Sub-Saharan Africa today.

2.5 Studies on Microfinance Opportunities and Challenges

"*Microfinance Challenges and Opportunities in Pakistan*" is a journal article that was authored by Mohammed in 2010. This article explored the development and growth of microfinance in Pakistan. The following review was made:

Mohammed (2010) brought out interesting discoveries which were in line with the assumptions of this research. Among Mohammad's major findings on challenges were: improper regulation of the microfinance sector, restricted liberalisation (government interference), high transaction costs and reduced profits due to government imposition of interest caps charged on microfinance loans. Improper regulations could also apply to Zambia but his concerns over lack of liberalisation of MFI could not apply to Zambia as the microfinance market seems to be in fact over liberalized though improper regulation in Zambia could also be true in areas such as lending rates and loan handling fees and monitoring. His other concern was on reduced profit due to limitation of government on interest charged by MFIs. The concern on interest caps did not apply to Zambia. In fact it was actually the opposite where the MFIs charged higher interest. He further pointed out the problems of transaction costs. In Zambia these high transaction costs are borne by the consumers of loans and not by MFIs. In general, his study focus especially on challenges in most aspects differed from this study in that his focus was on the challenges of MFIs while this study focused on the challenges faced by borrowers and not MFIs. Robinson (2001) also argued against the challenge of high transaction costs by saying that the modern commercialised approach used innovative lending techniques that did not only provide finance to the poor but also provided profit to MFI. Further argument was postulated by Gonzalez (2003) that modern microfinance encouraged the adoption and development of financial technologies that ensured reduced risk of financial transactions at reasonable cost. The findings of Mohammed (2010) seemed not only to be at variance with many scholars in the field of microfinance, but with the current trends in the development and growth of microfinance sector in many countries today.

Mohammed's research in the area of opportunities nonetheless, was closely related to this study where he identified poverty alleviation, asset build up, income diversification and improvement of financial status of borrowers as some of the opportunities created by micro-finance. He emphasized that the role of microfinance was not restricted to poverty alleviation only but it also diversified income carrying services, built up assets and improved the financial status of women. He also identified microfinance as a development tool which buffered the poor against business risk and during emergencies. Despite the converging similarities, Mohammad's research differed from this study to some extent not only from the cultural setting, methodology and implementation frame works, but also on the focus clientele. Its major focus on opportunities and challenges were combined for both the MFIs and the borrowers with a bias towards MFIs. His definition of microfinance, just like any other researchers (Tembo, 2014 and Yeboah, 2010) of the provision of financial services to low-income clients including consumers and self-employed, who traditionally lack access to borrowing and related services, could be considered a bit restrictive as the field of microfinance had evolved a lot to include a lot more services and had equally diversified its clientele base which went beyond the target group in his definition.

Moreover, Mohammad's research lacked a wide array of academic readings as the author over-exploited certain scholars showing lack of rigorous research. For instance, (MIX, 2005; Robinson, 2001 & Ditcher 1991), especially between pages 86 and 89 were repeatedly cited these authors. Further, these books did not appear in the references to cross check facts. His lack of rigorous methodology could have compromised the findings in many ways.

One other related study was, one conducted in Kenya by Nangila (2013) who looked at the effects of unsecured personal loans on house-hold welfare of secondary school teachers in Kenya. This study established that: personal loans contributed to household welfare and that female secondary school teachers were economically empowered as a result of accessing personal loans in Kenya. His study further established that households had been able to access improved healthcare and higher education as a result of these personal loans. The study further revealed that the loans provided start-up capital which enabled families to earn extra income and also helped secondary school teachers put up better houses than before. The study further argued that the level of poverty in majority of teachers' house-holds had reduced significantly due to access to microfinance loans though he could not provide empirical evidence that a significant reduction of poverty in teacher house-holds could solely be attributed to microfinance loans neglecting the other factors and sources of income that might have contributed to the trend. He further noted that household consumption had improved because of these loans and enabled households start new businesses to create employment and earn extra income for family members. On the other hand, many contemporary studies have considered increased consumption by the poor as one chronic negative effect of microfinance loans; the poor are mostly ending up spending their loans on consumption instead of spending on investment ventures that may lift them from poverty. Roodman (2011, P.20) argued that "Microfinance sector glosses over the fact that much credit is spent on consumption. Over-indebtedness is a chronic problem as a result."

Though Nangila (2013) did not directly mention the problem of high lending rates, one would easily conclude that high lending rates were also a challenge in Kenya from one of his recommendations where he urged the government to initiate monetary policies that would contribute to the lowering of the base lending rate to enhance accessibility to unsecured personal loans to increase economic development.

Though very insightful, his study focused on secondary school teachers' house-hold welfare away from what the focus of this study was. However, his findings could be considered as opportunities that microfinance loans offered to teachers which made his study an important piece of literature and certainly eye opening. Nonetheless, his findings were at variance with many researchers reviewed earlier in the study (Schicks, 2013; James, 2014; Roodman, 2011 and Okoye & Siwale, 2017) who held the view that microfinance loans had drifted from their original social goal of providing affordable finance to low income groups to a profit motive which had taken advantage of the poor's vulnerability to exploit them and further drive them into indebtedness and abject poverty. This view is in contrast though, with the theory of microfinance where Yunus, the founding father who propounded the theory of microfinance, agreed that modern microfinance institutions had 'lost their real purpose.'

2.6 Global Studies on Microfinance Challenges

Another very insightful study was one conducted in Ghana by Schicks in 2013. Her major focus was on the causes of over-indebtedness of microfinance customers. The study observed a shift from the original social motive goal of lifting the poor out of poverty by providing microfinance to them, to more rigorous capitalist motive driven by profit, a move Schicks felt could likely reverse the gains made in the past three decades as she pointed out that, " the impact on poverty alleviation may be an illusion, as the social microfinance industry faces increasing criticism for exploiting and over-indebting poor customers in the service of high interests and in pursuit of profits." Schicks (2013, p. 13). However, Markowski (2002, p.117) argued that "Microfinance Institutions have a dual role: to provide financial services to large numbers of low-income persons to improve their welfare, and a commercial mission to provide those financial services in a financially viable and sustainable manner."

The challenge of over indebtedness among consumers of microfinance loans, was also observed by another scholar of microfinance and development, Hudon (2009, p.49) in (Schicks, 2013) who pointed out that, "Over-indebtedness is currently one of the most serious challenges in microfinance, endangering both social impact on the consumer and the industry's stability." Moreover, Schicks further disclosed that over indebtedness could not only push customers further into poverty, but that this could be accompanied by the material, psychological, and social consequences of debt. Her notion was further supported by Owolabi (2015) who observed that the commercial microfinance meltdown had already begun in Mexico in 2007, in Morocco, Bosnia, Nicaragua and in Pakistan in 2008 while the near total collapse was also witnessed in India's Andhra Pradesh province in 2010 owing to suicides and high lending rates, huge recycling of loans to repay old ones and massive client withdrawal.

Schick's study further revealed another factor that had exacerbated the challenge of over-indebtedness; irresponsible lending by MFIs. She compared this to the global economic crisis of 2008 to 2009 to elaborate how irresponsible lending could lead to a down turn spiral wave in economic growth and development in general. Externalities were another area Schicks identified as another cause of indebtedness. She disclosed that one set of factors that could push borrowers into over-indebtedness laid outside the borrower and the lender influences. Despite sound lending decisions, external shocks or expenses of micro-borrowers could render their debt loads unsustainable. She cautioned however, by stating that, “In some cases however, repayment problems may be in the lender's interest, as they can increase the interest earned on a given loan or keep the borrower dependent on the lender,” (Schicks, 2013, p.31).

Schicks also identified borrower behaviour as one of the major causes of the challenge of indebtedness. She pointed out that, “There are two parties to every credit decision: a lender and a borrower. Both are obliged to make responsible choices. Both can render a credit agreement harmful.” She argued strongly that borrowers should also learn to borrow responsibly as many researchers normally fall into temptation of thinking that over indebtedness is caused by lenders. Schicks (2013, p. 29) observed that, “A customer protection perspective should resist the temptation of finding faults only with lenders and adverse circumstances. It should also consider the role that borrowers themselves play in destructive credit. It should recognise that, to a certain extent, protecting borrowers from over-indebtedness may mean protecting them from themselves.”

Schicks further identified microfinance consumer behaviour as one leading cause of indebtedness. She classified this consumer behaviour as psychological, and sociological. Under psychological influence, she revealed that there are numerous cognitive and psychological biases which in most cases caused borrowers to over borrow and, therefore, accumulate debt. Schicks further argued that people had a challenge of debt because they adjusted too slowly to economic shocks, which made them land into serious debt. Sociological factors on the other hand are related to pressures of consumer society and materialism which could lead consumers to overspend and borrow beyond their limits in order to keep up with consumption levels of their rich peers (Morgan, 2005) as cited in (Schicks, 2013. Graham and Cameron (2004) as cited in Schicks (2013), on the mitigation side, suggested that financial literacy, awareness campaigns and the right to withdraw from impulse credit decisions could help reduce over-indebtedness among microfinance borrowers. Additionally, they argued that MFIs should match their communication with the borrowers’ educational levels and that advertisements should not exploit the borrowers' psychological biases. Schicks (2013, p. 36) further argued that, "MFIs could push borrowers beyond their limits if they focused excessively on portfolio growth and utilise aggressive marketing techniques." The three authors clearly show that a challenge of indebtedness among microfinance borrowers is caused by both the lenders and the borrowers themselves with each playing a role.

Schicks' study, though very insightful, was too general and did not mention any civil servants and teachers in particular; the area which this study was trying to address. The study did not address any opportunities that microfinance presented despite its elaborate emphasis on the challenges.

2.7 Studies on Challenges of Microfinance and Public Service Borrowing

Maake (2015) gave an insight into the challenges civil servants were facing from microfinance loans in South Africa. His article revealed that, "The department of public service and administration wants help in taking the massive debt burden of civil servants and has therefore put the process out to tender," Maake (2015, P. 12). He went on to highlight how serious the challenge of over borrowing among civil servants in South Africa was by indicating that about 1 in every 5 civil servants in South Africa was drowning into debt.

Maake further highlighted that the most affected civil servants were: nurses, police officers and teachers who earned between R8000 and R13000 a month, and had to contend with living expenses that outpaced this salary. "Because they are desperate, they are now victims of predatory lending not only from microfinance institutions, but also from "Mashonisas" Maake (2015, p. 15). The "Mashonisas" here in Zambia are the shylocks "Kaloba". Maake's article showed the challenges in microfinance lending among civil servants in South Africa. The picture could not be different from the one obtaining in Zambia today. Bank of Zambia report placed the use of Kaloba at 5.5 per cent (Finscope, 2015). "Money lenders (Kaloba) are predominant providers of informal credit in Zambia 5.5 per cent of the adult population sources its finance from "Kaloba" and the following are the categories of the people who use Kaloba: urban based, salaried workers and from households in the lowest two quintiles of PPI distribution," Finscope (2015, p.33).

A research conducted by James (2014) in South Africa, looked at how house-holds spent money they had not yet earned. It explored the models employed in microfinance lending in South Africa. Three lending models were identified: “The main stream or formal financial sector, as dominated by big banks such as: ABSA, FNB, Ned and Standard Banks alongside housing loans, motor vehicle finance, and store cards for hire purchase,” (James, 2014, p. 6). James identified the second model as “New micro lending sector, offering mostly smaller short-term-loans which confiscated ATMs and charged high interest until they were regulated to give at 44 per cent. The third model she identified was “Mashonisas” what she referred to as neighbourhood money lenders, who were commonly described by the locals as “loan sharks” who charged up 50 per cent interest per month. She further added that “Choosing from among the three sectors identified above, a consumer is able to borrow from many banks, use credit cards and hold store cards from an array of retailers as well as have access to both micro loans both legal and illegal borrowing continuously in order to pay back some,” (James, 2014, p.7).This repeated borrowing, which James referred to as ‘reckless borrowing’, had led a lot of workers in South Africa to high indebtedness. In this study, the researcher felt that the research by James (2014) was similar in many ways with what was obtaining in Zambia though it was conducted on a diverse group of workers with varying characteristics and a heterogeneous population with a historical background of apartheid.

Malaysia is one of the countries in Asia which is grappling with civil servants’ challenges resulting from microfinance loans which are commonly referred to as personal loans. A newspaper publication described lived experiences of 29-year-old father of two. “At the end of the month, many civil servants are left with almost nothing after making repayments on several types of loans (Ramlan, 2017, p. 4) disclosed. Ramlan revealed that many civil servants earned little money such that they had to take other loans to supplement their monthly budget. He pain-stakingly described using the lived experiences of Halim- a civil servant and father of two.

> “The 29-year-old civil servant and father of two took out two personal bank loans because he could not sufficiently provide for his family. He later took a third loan, this time from the government to buy a house. Today, Halim is one of the nearly 100,000 civil servants that Cuepacs, the umbrella body of public sector unions, estimates are at risk of bankruptcy (Ramlan, 2017, p. 4).

A study by Yahatha in Malaysia in 2016, whose main objective was to understand the determinants of bankruptcy probability among Malaysian civil servants, was another very insightful paper which shed more light on challenges faced by civil servants from borrowing. The research used logistic regression model to predict the bankruptcy probability of civil servants based on their asset ownership, attitude towards debt and financial management practices (Yahatha, 2016). His findings revealed that, financial risk management among civil servants was lower than that of their counterparts in the private sector. Besides that, the study indicated that many civil servants had inadequate savings to handle their future expenses and, therefore, were unable to allocate a larger down payment for a substantial purchase like home or vehicle without a loan (Yasotha et al, 2016) disclosed.

Yasotha (2016) further supported the argument by Joo and Grable (2004) in Yasotha et al (2016) who reported that the outcome of research studies on financial management broadly discovered that the civil servants who commonly practiced prudent financial management could never go into financial difficulty. Further arguments were postulated by Warren & Tyagi, (2003, p.16) in Yasotha et al (2016) that, "In the long run, if an individual's financial standing is still not improved, they might face financial challenges ranging from financial pressures, mounting debts that can often cause many negative consequences such as bankruptcy, family problems, depression, suicide, absenteeism from work, and so on." The study by Yasotha further gave guidance on how to resolve the challenge of bankruptcy among civil servants in Malaysia resulting from over-borrowing by making the following recommendations: understanding the underlying factors to over borrowing and bankruptcy among civil servants could help prevent the issue from escalating. He recommended that an effective financial training programme among civil servants needed to be introduced. He further recommended that civil servants should be encouraged to develop a saving habit of their monthly income by being mindful to only borrow to meet their needs and not their wants. Yasotha research, in spite of being insightful and similar to this one especially in the area of challenges, had a different focus; determinants and probability of bankruptcy among civil servants.

2.8 Studies on Microfinance in Zambia.

Another study on civil servant borrowing was conducted by Tembo in 2014 in Zambia. Tembo's study focus was on effects of payroll-based lending. It revealed the following: That government contributed to indebtedness among public service. His major argument was that government did not provide cheap workplace loans. He further argued that the other cause of public service workers debt was high consumption behaviour. However, he failed to provide evidence for consumption as one of the leading causes of indebtedness among public service workers in his findings. Tembo also rated MFI service provision as fair contrary to the findings of (James, 2015; Schicks, 2013 and Siwale & Okoye, 2017) who described the behaviour of most microfinance Institutions as predatory and exploitative taking advantage of their clients' lack of financial literacy, desperation and weak institutional regulatory framework. Tembo's study also revealed that the major purpose for contracting microfinance loans by public service workers was to buy building materials followed by meeting educational expenses and then repaying other loans.

Tembo's study focus was on the effects of payroll-based loans, which is contrary to the focus of this study which looked at microfinance lenders-both formal and informal microfinance lenders that included; shylocks, village bank, private individual lenders and formal microfinance lenders which excluded banks. Many grey areas, however, were noted in Tembo's study some of which included: His research did not explain clearly the areas of lending and its focus, whether it covered salary-based loans only and if so, which ones in particular? Tembo also seemed to misrepresent facts when he stated that "In the context of this study, microfinance is defined as the provision of micro financial services (loans) to low income people in formal employment but with no access to traditional banking loan services." This, from empirical evidence provided by other researchers, seemed to be a misrepresentation of facts as every public service worker in Zambia had access to both microfinance and bank loans.

Instead of defining theory, the research was defining microfinance. Tembo also used too many theories which he could not clearly link to the entire research and their relevance to the study was, therefore, compromised. The other area where Tambo's research was not far reaching was in the area of research methodology. The research design suggested a mixed method design while in the actual sense it employed a qualitative design as the sample was too small (50) to allow rigorous statistical tests required in quantitative research analysis. The sampling procedure did not encompass any probability sampling procedures which are used in quantitative design. There was no use of descriptive statistics whatsoever. Tembo also failed to fully explain how the non-experimental research design was employed in his research. The research failed to explain how a sample size was determined later on how he used probability sampling to select the respondents by not stating which type of non-probability sampling which was employed in the research. The researcher also failed to explain in detail how data was analysed using Statistical Package for Social Sciences (SPSS)-which test was run-whether regression or Chi-square test. Most of the literature used in the references was non-academic, such as Wikipedia on pages 29, 18, 16 and free online dictionary on pages 15 and 16. This further put the credibility of his research findings in doubt. However, his study was an eye opener especially in the area of loan utilisation (opportunities) and it offered some much-needed literature on microfinance in Zambia. Had he used a survey with document analysis and focus group discussions, the results would have perhaps been more meaningful and rigorous. It is, therefore, on these bases that this study was carried out to employ more rigorous methods and use a more robust sample size. Tembo's study, like the other studies, done in other countries earlier discussed in this review, didn't address the opportunities and analyse the sources of micro financing, and challenges teachers face from microfinance loans: the area in which this study is grounded.

A joint comparative study by Okoye and Siwale in 2017 which focused on microfinance regulation and social sustainability of microfinance institutions was another study that was reviewed: This was a comparative study which was conducted in Zambia and Nigeria. Its findings revealed that MFIs could not fulfil their social obligation because the sources of credit were expensive; especially for MFIs in Zambia where one of the MFI managers explicitly said that "But there is no way we can meet social obligations if our funds are obtained from commercial markets. Commercial investors want higher returns and would want their money directed to less risky segments like small and medium enterprises (CEO, DT MFI, Zambia) as cited in (Okoye &Siwale,2017, p.36).

These findings clearly showed that microfinance were opposed to their social mission, and were slowly becoming commercial as further highlighted by (Okoye &Siwale, 2017) that MFI practitioners in both countries noted that there was a strong relationship between the source and cost of funds, interest rate charged, and client targeting. From their perspective, the source (mainly debt capital) and cost of funds amounted to relegating social goals and prioritizing financial performance. These findings are similar to (Schick, 2013) who lamented that MFIs have shifted from their original social goal of poverty alleviation. The research further revealed that because money was obtained from commercial markets, regulation of MFIs especially in Zambia was difficult. These findings were supported by D'Espalier *et al.*

(2013) and Cull *et al*. (2011) as cited in (Okoye &Siwale, 2017) who argued that MFIs that relied on non-commercial sources of funding were more inclined to do well on social performance but with significantly reduced profitability.

This research also revealed that MFIs charged very high interest rates on loans ranging from 104 to 200 per cent per annum. The Association of Microfinance Institutions in Zambia was also of the view that the excessive interest rates didn't reflect the social mission which microfinance was known for. Interest rates as high as 200 per cent were being charged, particularly by the payday-lender MFIs Hickel (2015). Okoye and Siwale (2017, p.26) also noted that "Allowing interest rates to reach such levels would be endorsing microfinance as a socially acceptable mechanism for extracting wealth and resources from the poor. These excessive interest rates called into question the social ethos and development logic they (enterprise MFIs) initially espoused." However, the study indicated a much different picture for Nigeria. A subsidised fund known as microfinance development fund was set aside for lending out at a low interest rate to MFI with a 9 per cent interest cap and with a condition that 60 per cent funds should be lent to women. However, it was noted that the funds were inadequate and heavily politicised (Okoye & Siwale, 2017).

2.9 Researcher's Own Comments

Many journal articles, books and researches were reviewed. However, very scanty literature could be traced that specifically discussed; sources of microfinance, challenges and opportunities faced by borrowers in microfinance apart from some rare instances where indebtedness was repeatedly mentioned by a handful of scholars as one serious challenge faced by microfinance customers. It was further noted that literature concerning sources and opportunities in microfinance was scanty to almost non-existent. Nonetheless, some Journals, Newspaper articles and some key studies brought out some related information and what was reviewed is presented in the paragraphs that follow: The definition of microfinance seemed to have been static and inadequate with many scholars referring to it as provision of finance to the poor, a definition that seemed not suitable today. Microfinance as can been seen from a detailed analysis given in the foregoing literature, one would easily tell that it provided money not only to the poor as it were, but to a wide range of clientele. Another issue that emerged was the unclear definition and difference between micro credit and microfinance with some researchers defining them differently while others used them interchangeably.

Another emerging issue from the literature reviewed, was that most researchers appeared to have focused on the challenges but paid little or no attention to sources and opportunities of microfinance. However, the studies conducted by James (2015), in South Africa were particularly insightful as many MFIs found in Zambia originate from that country. Therefore, most emerging trends in Zambia today, regarding challenges faced by borrowers, showed a similar pattern with that obtaining in South Africa. There was an agreement among microfinance researchers that microfinance was rapidly becoming commercialised which, according to many reviewed scholars, was worrisome as it seemed to be hurting and exploiting the people it was supposed to help lift from poverty; a move that was making microfinance slowly drift away from its original social goal to a profit driven motive.

Many studies reviewed focused on the challenges faced by microfinance borrowers with little mention of opportunities offered by microfinance and sources of microfinance to teachers in particular. It is from this point of view that this research was conducted to address this gap and generate new knowledge in this field.

2.10 Summary

In the preceding chapter, literature review on challenges, opportunities and evolution of microfinance was done by examining different literature and research conducted by other researchers and scholars in Zambia and on global level. In the chapter, the concept of microfinance, its evolution in other parts of the world especially Asia and Africa, challenges and opportunities faced by lenders were reviewed. The two theories that anchored this research were also discussed in the chapter.

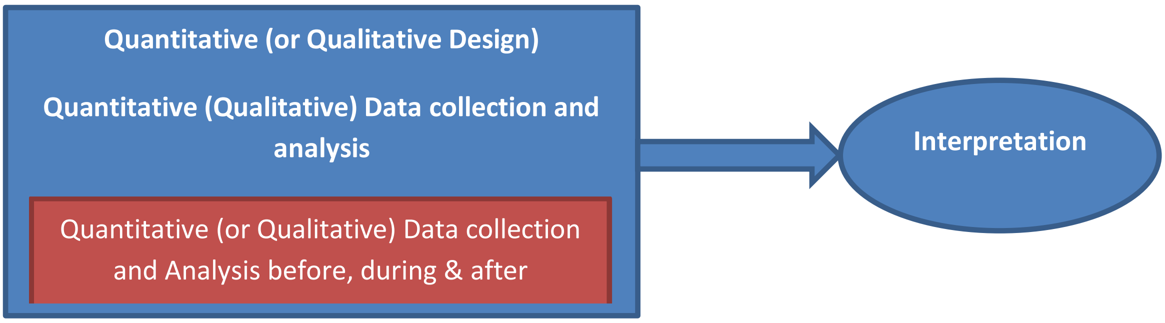
CHAPTER THREE: METHODOLOGY

3.1 Overview

In the previous chapter different related literature on microfinance was reviewed and this chapter addresses: the research design and discusses the appropriate research methodologies, research population, sample size, sampling procedure, validity and trustworthiness of research and data analysis.

3.2 Research Design

According to Kombo and Tromp (2014), a research design can be considered as the structure of the research. Dudovskiy (2016, p.74), also added by stating that, “A research design can be described as a general plan about what you will do to answer a research question.” Figure 3 below illustrates the mixed embedded design where data collection and analysis can start either by quantitative and then followed by qualitative data or vice versa and mixing can be done before, during or after data collection with one approach playing a supportive(embedded) role.



Source: Creswell

Figure 3: Mixed Embedded research model

The study adopted a mixed method research design which Creswell (2009, p.4) refers to as, “an approach to inquiry that combines or associates both qualitative and quantitative forms.” An embedded design was particularly used to address challenges and opportunities teachers faced from microfinance loans. An embedded mixed method design is referred to by Creswell & Clark (2007) as a design in which one data set provides a supportive or secondary role in a study based primarily on the other data set. Creswell & Wesley (2011, p.544) further postulated that, “The purpose of the embedded design is to collect quantitative and qualitative data simultaneously or sequentially, and to have one form of data play a supportive role to the other form of data.” What Creswell and Wesley refer to is clearly illustrated in figure 3 on the previous page. Primary data of this study was collected using a questionnaire to explore challenges and opportunities accrued by teachers from microfinance in Kasempa and Solwezi districts. A subsequent procedure gathered qualitative data using interviews. Data collection was sequentially carried out with the quantitative being first followed by qualitative as illustrated in Figure 3. Quantitative data was collected from respondents in schools using a questionnaire and results were in turn analysed. The emerging pattern of results indicated a bigger number of teachers being indebted than anticipated. This prompted the researcher to generate interview questions and purposively selected participants using critical sampling procedure, to further understand the lived experiences of the highly indebted teachers; adding voices which numbers could not give, which according to Creswell &Wesley (2011) was needed to refine, extend, or explain this general picture generated by quantitative and qualitative data simultaneously or sequentially, and to have one form. The use of qualitative methods was done to supplement numerical data from quantitative closed ended questionnaire results by adding the lived voices of teachers through interviews. Creswell & Plano (2011, p. 544) argued that, “The mixed methods researcher uses the secondary form of data to augment or provide additional sources of information not provided by the primary source of data.”

The choice of this design was influenced by the researcher’s belief that a single data set alone of either quantitative or qualitative was insufficient to show the challenges and opportunities teachers faced or had from microfinance loans without either quality lived voices or numeric figures to highlight the extent of the phenomenon.

3.2.1 Study Population

Kombo and Tromp (2005) define population as a group of individuals, items or objects from which samples are taken for measurement. Morse (1994, p.137) also defines population as “The entire group of people or objects to which the researcher wishes to generalise the study findings such as all people with AIDS.” The population of this study consisted of teachers and microfinance institution managers in Solwezi and Kasempa districts.

3.2.2 Study Sample and Sample Size

A sample, as defined by Creswell and Wesley (2011, p.142), "is a subgroup of the target population that the researcher plans to study for generalising about the target population." Teachers from 12 secondary and 11 primary schools were sampled. A total of 23 schools were targeted in both Solwezi and Kasempa districts as major research sites for this study. A total sample of 407 respondents comprising 405 teachers from all the participating schools and 2 key informants from Microfinance Institutions constituted a study sample. For the qualitative part of the study, since there was no specific formula to be applied in quantitative approach, the sample size was determined with the help of some guidelines suggested by Morse (1994, p. 220):

> Estimating the number of participants in a qualitative study required , depends on a number of factors, including the quality of data, the scope of the study, the nature of the topic, the amount of useful information obtained from each participant, the number of interviews per participant, and the qualitative method and study design used.

The type of data required for this study, were lived experiences of teachers who were highly indebted by microfinance loans that could only be solicited from a small number of teachers who the researcher identified from the questionnaires from the quantitative survey that preceded the interviews. The study intended to use the stated category of people because they had information through experience on the sources, challenges and opportunities in microfinance loans and this contributed to the factors considered in arriving at a sample of 7. The phenomenological nature of the qualitative method (solicited thick descriptions of lived experiences of teachers with microfinance loans) used though the study was not phenomenological, also played a pivotal role in determining the sample size that was employed in the study. Moreover, for phenomenological studies, Creswell (1998) suggests 5 – 25 participants while Morse (1994) suggests at least 6 and 5. The 7 participants used in this study were within these recommended numbers. In addition to this, a concept of saturation was considered in determining a sample size. If one was seeking to achieve saturation in his or her research, he or she could only determine that as the study progressed and occurred when one found that additional participants could no longer provide fresh or additional data (Creswell, 1998; Glaser & Strauss, 1967; Morse, 1994). In short, saturation is a situation where participants can longer give new information on a particular topic. However, for the quantitative part of this study the sample size was determined by sample size determination formula as indicated below on the next page.

The sample size was determined using Yamane sample size determination formula targeting a sample size of participants that gave a 95% level of confidence and 5% (0.05) sampling error using the formula below:

The formula $\boxed{(n=\frac{N}{1+Ne^2})}$

n = N.

1 + N (e) 2

Whereas: N= Target population

n=Total sample size

e = Desired margin error

Teacher Sample size for all the schools

Target population (N) =3800, desired margin error (e) = (0.05)

$n = 3600/1+3600\ (0.05)^2 = 400$ respondents

By using Yamane formula of sample size determination, a sample with an error of 5% and at 95% confidence coefficient, the calculation from a population of 3600 came up with 400 respondents.

3.2.3 Sampling Techniques

Convenient sampling was used in selecting schools to be included in the sample due to accessibility as Kasempa is a rural area and Solwezi has a lot of schools. Only schools in close proximity were sampled in order to reduce expenses and non-response error. Participants for the quantitative part of the study, who were teachers, were drawn randomly from the following schools: Lufupa Primary, Kasempa Primary school, Kalusha Primary School, Mukinge Primary, Mukinge Girls Secondary School, Kasempa Day Secondary, Kasempa Boys Secondary, Nselauke Day Secondary School and Nkenyauna Secondary of Kasempa District of Zambia. In Solwezi, Tumwanganai Day Secondary School, Solwezi Day Secondary School, Solwezi Urban Secondary School, Beriya Primary School and Kyawama Day Secondary Schools as part of the study population. 10 teachers for the qualitative part of the study were purposively selected using critical purposive case sampling for interviews after being identified as being highly indebted from microfinance loans from Nselauke Day, Kasempa Boys' and Kyawama Day Secondary Schools in order to get their lived experiences with microfinance loans. A critical sample as defined by Tromp &Kombo (2014) looks for critical cases that can make a point quite dramatic. Critical cases in this study were highly indebted teachers as they were the right people who were very likely to have faced serious challenges of microfinance loans assumed by the researcher to have the right information. The 10 teachers, who were selected using critical case sampling, were further subjected to volunteer sampling where the researcher selected the required 5 that participated in the interviews. Murairwa (2015, p.4) defines volunteer sampling as, “sampling type where there is self-selection of statistical units or respondents whose major advantage is fastness of building the sample and allows the researcher to collect confidential data easily.” The researcher relied much on the volunteers from a group that was initially selected using critical case purposive sampling from quantitative results that preceded the interviews. The researcher used this sampling procedure so that he could avoid invasion of participants’ privacy as matters of one’s salary were sensitive and confidential matter. The 2 microfinance managers were sampled using convenient sampling.

3.2.4 Exclusion and Inclusion Criteria

Duke(2017.p.2) defines inclusion and inclusion as, “Inclusion criterion is defined as attributes of a subjects or respondents that are essential for their selection into the study while exclusion criterion are attributes of subjects or respondents that cause their removal from participation a study” .The respondents were included to the sample on the basis of having acquired a microfinance loan and they were teachers of either primary, secondary or pre-school and exclusion was on the basis that one had not acquired a microfinance loan at any point in their working life as a teacher.

3.2.5 Response Rate

Response rate is calculated using the following formula**:** Response Rate= (Responses Returned) / (Questionnaires Sent Out) x 100. For this study 400 questionnaires were distributed to selected schools in both Kasempa and Solwezi districts, 367 were returned with responses giving a response rate of 91.75 per cent almost 92 per cent.

3.2.6 Data Collection procedures and Instruments

Data collection refers to gathering specific information aimed at providing or refuting some facts (Kombo & Tromp, 2014). In a mixed method, the researcher had at his disposal a variety of techniques that he used to gather information. This study utilised two major sources of data. These were primary and secondary sources. In addition to qualitative methods, the researcher also employed quantitative techniques in questionnaires for quantitative data collection.

3.2.7 Self-Administered Questionnaires

The use of a questionnaire was particularly chosen because of the study sample which was large and the researcher decided to use a large sample to reduce the sampling error as which Creswell & Wesley (2011) refer to as difference between the sample estimate and the true population score and it was, therefore, anticipated that the method would save time and would be easier for the researcher to analyse the large data set that was expected to be collected. In fact larger samples are easier to analyse as argued by Creswell & Wesley (2011) that “A general rule of thumb is to select as large a sample as possible from the population. The larger the sample, the less the potential error is that the sample will be different from the population.” Since this questionnaire was intended for collection of quantitative data, it contained closed-ended questions. A 5-point Likert scale ranging from 1 to 5, with 5 representing the extreme positive perception and 1 representing the extreme negative perception of all responses was implored. Respondents were availed with the questionnaire for grading to determine each one’s level of agreement with the statement. The rankings fell under the following groupings: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree. This Likert Scale was implored mainly in sections B, C, D and E. However, part of section D from question 24a to 24f, Yes/No questions were used where 1= Yes and 2=No. In using the questionnaire, the researcher did the following: constructed a questionnaire with closed ended questions that solicited the desired information.

3.2.8 Interviews

Open-ended questions were used from an interview guide in semi-structured interviews during data collection in order to solicit more personal, lived experiences and subjective views from highly indebted teachers. These interviews were conducted with the 7 key informants who had lived experiences of microfinance loans. The 5 participants were selected from those who were highly indebted with microfinance loans. 2 key informants were marketing managers from 2 of the major Microfinance Institutions that provide microfinance loans to teachers. Semi-structured interviews were specifically used because the researcher could compare and contrast answers given by participants (Dudovskiy, 2016). They were also better as they suffered from less bias than those that were associated with unstructured interviews as observed by Dudovskiy (2016, p.42) who did not hesitate to point out that, "Unstructured interviews are usually the least reliable form of interviews from research view point." Semi structured one-on-one interviews were used because they contained components of both structured and unstructured interviews, which allowed the researcher to ask the interviewees further questions away from the list to probe further for clarity which was needed by the researcher to probe the participants to give more details regarding sources, opportunities and challenges they had from microfinance loans. A voice recorder was used during interviews as the main instrument of qualitative data collection as recommended by Creswell. "One-on-one interview is a data collection process in which the researcher asks questions to and records answers from only one participant in the study at a time. In a qualitative project, you may use several one-on-one interviews. One-on-one interviews are ideal for interviewing participants who are not hesitant to speak, who can articulate, and who can share ideas" Creswell& Plano (2011, P. 218).

3.3.1 Document Analysis

Collection of secondary data was done through document analysis of microfinance loan repayment schedules from purposively selected microfinance lenders in Solwezi. These schedules were used to compare the lending rates and repayment periods of different sources of microfinance loans.

3.3.2 Data Analysis

3.3.2.1 Analysing Questionnaire Data (quantitative data)

Quantitative data of closed-ended questionnaire responses were processed using SPSS Version 21 as follows: Data coding which Arsaham (2005, p.18) describes as; "Data code is assigning a number for each response of choice e.g., strongly disagree = 1, disagree =2 etc. Codes were developed followed by the creation of a coding key-this explains the code for each question also known as the coding scheme, coded data was then assigned numeric values which were then entered into SPSS to produce a data set which was further used to run descriptive statistical tests i.e., cross- tabulation, frequencies, means, modes and standard deviations to produce SPSS output tables that were later input into excel to generate pie-charts, tables and histograms.

3.3.2.2 Analysis of Interview Responses (Qualitative Data)

The following was done: The audio interviews were played and transcriptions of verbatim were produced, this was later followed by development of qualitative codes and assigning labels (grouping data) to identify common and emerging themes were done. Descriptions and development of themes from the data consisted of answering the major research questions and forming an in-depth understanding of the major research themes. This was followed by integrating qualitative data into quantitative data and then finally reporting. Below is a summary of data processing procedures illustrated in Table 1.

Table1: Summary of data processing procedures.

Data Analysis Procedures	Quantitative Data Analysis (Questionnaire Résulta)	Qualitative Data Analysis (Interview Results)
Preparing data	Coding data and assigning Numeric values: recoding data to prepare for SPSS analysis.	Organising Data; transcribing text.
Reviewing, Coding and Exploring Data	Descriptive analysis: looking for trends and distributions	Reading data and notes: developing qualitative codes
Analysing Data	Using appropriate statistical tests: statistical software (SPSS) and excel, data was analysed.	Coding data and assigning labels; grouping of data and identifying common themes.
Data Presentation	Representing results in statistical tables, graphs and figures and pie charts.	Presenting findings in discussion or text form or in themes and verbatim.

3.3.3 Credibility and Trustworthiness

Validity and reliability usually refer to a research that is credible and trustworthy. This study adhered to Maree (2010) suggestion by engaging multiple methods of data collection such as interviews, and questionnaires which helped in achieving trust worthiness.

3.3.4 Data and Instrument Validation

According to Creswell (2011, p.159), “Validity is the development of sound evidence to demonstrate that the test interpretation (of scores about the concept or construct that the test is assumed to measure) matches its proposed use.” This research used methodological data triangulation in order to validate the data. Methodological triangulation involves the use of multiple qualitative and or quantitative methods to study the programme. In methodological triangulation, different sources of data are collected. “The assumption is that an informant, even an honest informant, will have biases, and will have access to only some of the relevant perspectives, and so sound conclusions can only be drawn from evidence that is corroborated from several data sources," (Taber, 2008, p.70). The mixed method design made it easier to validate the results because it used both qualitative and quantitative methods such as: semi-structured interviews, and closed-ended self-administered questionnaires, which allowed the researcher to test the results from the differently triangulated data and methods.

For the study to accurately represent the social phenomena to which it referred, the researcher took the findings back to the participants being studied to verify. This is called respondent validation or member checking. The questionnaire was pilot tested using 15 questionnaires that were distributed randomly 5 at Nkenyauna Secondary, 5 at Kivuku primary School and 5 at Kamusongolwa primary School to remove any ambiguities such as the misunderstanding that arose from double barrelled questions, some typo errors among others. All the errors were corrected and ambiguities removed before embarking on carrying out the research. "After good questions have been developed using principles of question construction, the researcher pilot tests the questions. This helps to determine that the individuals in the sample are capable of completing the survey and that they can understand the questions," (Creswell & Wesley 2011, p. 390).

3.3.5 Data Presentation

Data collected from interviews was analysed thematically using emerging themes and coded accordingly. Descriptive statistics were employed to analyse the data obtained from the questionnaires. The results of the data analysis were presented in form of graphs histograms, statistical output tables and pie-charts. Mixing of qualitative and quantitative data was done at both presentation (chapter 4) and discussion (chapter 5) stages. Qualitative data was combined with quantitative data playing a supportive role through-out the presentation and discussion chapters.

3.3.6 Ethical Consideration

Creswell (2009) lists the following requirements for ethical consideration by the researcher: Informed consent form for participants to sign before they engage in the research. This form acknowledges that participants' rights will be protected during data collection.

From the above statements, it is undoubtedly clear that the researchers have a moral and professional obligation to be ethical and objective in dealing with respondents and sites of research. In adhering to this, the researcher ensured that those being interviewed were absolutely clear about their rights to an explanation of aims, procedures purposes, and the effects of the research, publication possibilities and the right to refuse to take part or withdraw at any stage. The participants were informed that participation was on voluntary basis. The researcher ensured confidentiality for the participants especially that matters of salary are confidential. This was done by ensuring protection of participants from harm and invasion of privacy. To ensure this, the researcher read an ethical statement before every interview to the respondent and asked them to consent (see appendices B and F).

Written permission was sought from the Assistant Dean of Post Graduate Studies addressed to the providers of the research information at each of the primary and secondary schools where the participants were drawn serving them with an introductory letter before proceeding with the individual interviews.

It was the researcher's responsibility to secure data. He, therefore, ensured that both soft recorded and computer stored data was kept safe in a lockable storage. The researcher got permission letters to gain access to the study sites, which he presented to the Provincial Education Officer (PEO), District Education Board Secretary (DEBS) and head teachers of the respective primary and secondary school that were used as research sites. The purpose of the study was clearly defined as purely academic. In addition, the privacy of the participants was assured. To eliminate any suspicions on the part of the participants, the clearance letters clearly indicated that the findings would not be used for political purposes or personal gain but that they would be beneficial to teachers themselves and growth and development of the Zambian economy. These were clearly stated too. Clearance was obtained from the University of Zambia Humanities and Social Sciences Research Ethics Committee.

3.3.8 Chapter Summary

This chapter focused on explaining the research design, it also looked at the target population sample, sample size as well as the sampling procedure and data collection instruments and procedures which were used in the study. Data processing techniques as well as methods were also discussed

CHAPTER FOUR: PRESENTATION OF FINDINGS

4.1 Overview

The previous chapter provided the methodology used for collection and analysis of data for this research. This chapter presents the findings of the study. The sources, the opportunities and challenges of microfinance loans for teachers and suggestion of appropriate strategies that would mitigate faced by teachers from microfinance loans were examined and explored. The purpose of this chapter is to provide answers to the reaserach question which were derived from the objectives.

4.2. Demographic Characteristics of Respondents

In this chapter, the demographic characteristics of the participants in the study are presented followed quantitative and qualitative results which are presented side by side. The background information is very cardinal for the purpose of understanding the dynamics of respondents.

Gender of the respondents was obtained from the respondents through the questionnaires and presented in a pie-chart as indicated in Figure 4.

4.2.1 Composition of Respondents, by Gender

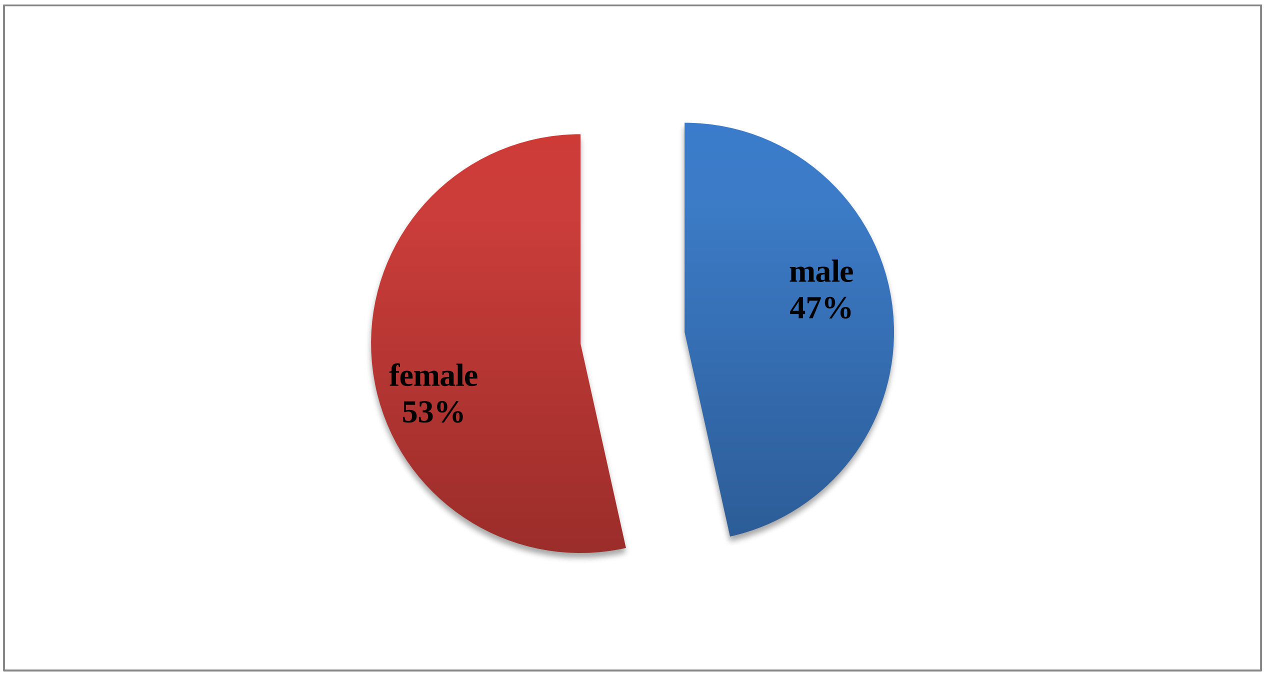


Figure 4: Percentage distributions of respondents, by gender.

From Figure 4, 53(192) percent were female and 47(167) percent were males. It can therefore be deduced that more females participated in the research than males. This data was important for the study as it could help the researcher establish which gender borrowed more than the other and then run further analysis in order to draw the right conclusions. In this case, however, the difference in gender by percentage was only 7 percent which was not significant enough to prompt further analysis.

4.2.2 Years of Service of Respondents.

The years of service were included in the research to establish the differences in loan acquisition behaviour among the teachers with different experience so as to understand which age range or cohort was more likely to get a loan from microfinance institution. The results from the questionnaire were as presented in Table 2.

Table: 2 Years of Service of the Teachers**.**

Age Range	Frequency	Percentage (%)
1-5	84	24.1
6-10	80	23.0
11-15	91	26.1
16-20	51	14.7
Above 20	42	12.1
Total	348	100

Table 2 shows the years of service of the teachers. Those in 1 to 5 years category made up 24.1 percent, between 6 and 10 made up 23.0 percent of the total, between 11 and 15 years made up 26.1 percent, those between 16 and 20 made up 14.7 percent and those above 20 years of service made up 12.1 percent of the total sample. The emerging pattern indicated that those between 11 and 15 years of experience had the highest number of loans. In fact, from Table 2, it can be concluded that teachers from 1 year of experience to 15 years had almost a similar impetus to get microfinance loans more than the more experienced teachers between 16 and 20 above years of service.

4.1.3 Number of Loans per Respondents

In order to understand the borrowing pattern of teachers, there was need to establish the number of loans each one of them had. The questionnaire results were presented in Table 3 as shown.

Table 3: number of loans per respondent

No. of loans	Frequency	Percent
one	169	46
more than one	146	39.8
No response	52	14.2
Total	367	100

Those with one loan were 169 constituting 46 percent while those with more than one loan were 146 constituting 39.8 percent and no response were 52 constituting 14.2 percent of 367 respondents. The data presented in Table 2 indicated that there was only 6.2 percent difference between those with one loan and those with more than one. This difference was equally insignificant to prompt further analysis. Unfortunately, 52(14.2) abstained from answering this particular question for unknown reasons but this could not affect the results because the percentage of non-response was less than 20 percent.

4.1.4 Net Salary after Loan Deductions.

In order to establish how financially stable teachers with microfinance loans were, data on how much net pay teachers earned after deduction of loans, was collected through the questionnaire and results were presented in Figure 6 as shown.

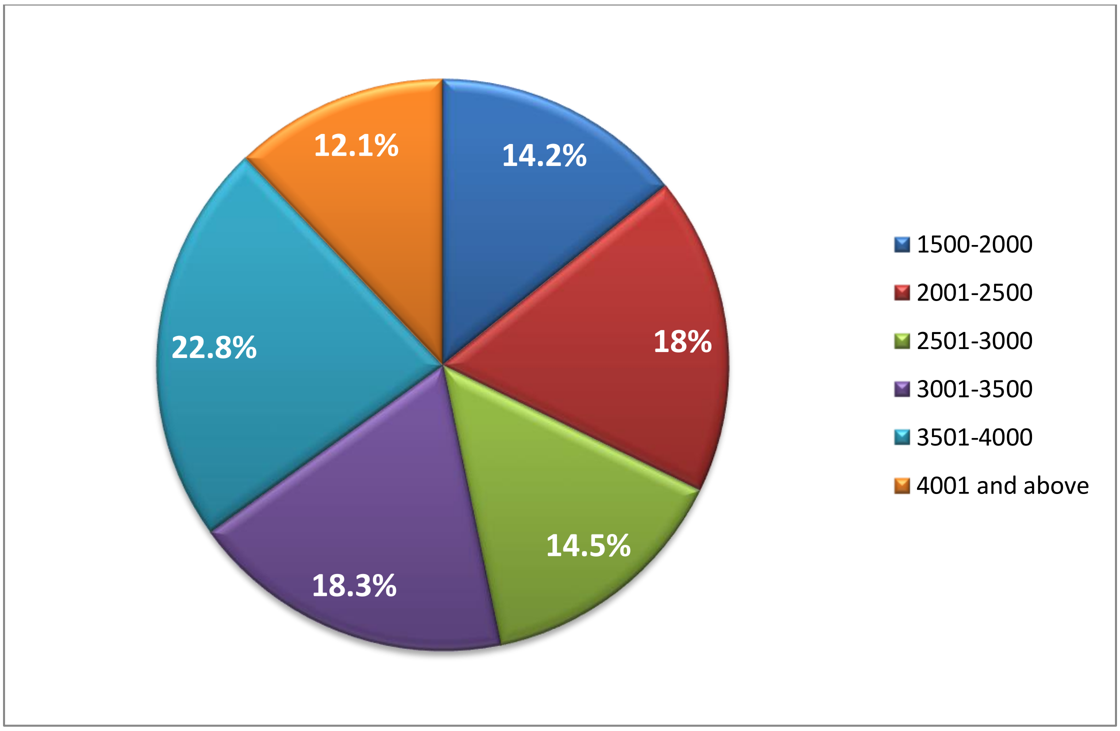


Figure 6: Chart showing net-salaries of respondents after loan deduction.

Data from the pie-chat in Figure 6, shows that the respondents who had salaries between K1500-K2000 constituted(48) 14.2 percent, while those who earned between 2501-3000 constituting 14.5 percent and those with K1500 to K3000 as net pay after loan deductions constituted 46.7 percent of the respondents and K3001 to K4000 made up 41.1 percent, and those between K4001 only made up 12.1 percent.This showed that only 12.1 percent earned a salary of K4000 and above while those who earned a net salary of K 4000 and below made up 87.9 percent.

4.1.4 Cross-Tabulation for Gender and Net-Pay after Loan Deduction of Respondents

In order to understand borrower behaviour across gender, data on net pay after loan deductions was collected through the questionnaires and a cross tabulation was run and the results were presented in Table 4.

Table 4: Cross-tabulation for gender and net-pay after loan deduction of respondents.

		Salary after loan deduction						Total
		K1,500-K2000	K2000-K2,500	K2,500-K3000	K3,000-K3,500	K3,500-K4000	Above K5000	
Gender	Male	18	23	26	27	42	21	157
	Female	29	38	23	33	35	20	178
Total		47	61	49	60	77	41	335

Table 4 shows a cross-tabulation designed to establish the relationship between net-salary after loan deduction and gender. The results indicated that more women earned less after loan deduction as compared to their male counterparts as their numbers diminished as the values progressed to above K5000 where 29(61.7 percent) women against 18(38.3 percent) men got between K1500 and K2000 ,38(62.3 percent) females got between K2000 and K2500 while there were 23(37.7 percent) males in the same income range, females between K2500 and K3000 were 23(46.9 percent) and the males were 26(53.1 percent),in the 3000 to 3500 bracket there were 33(55.0 percent) women and 27(45.0 percent) men, in the 3,500 to 4000 range, there were 35(45.5 percent) females and 42(54.5 percent) males while in the last range, the number of men and women were almost equal with 21(51.2 percent) males and 20(48.8 percent) females.

4.1.5 Cross-Tabulation of Background Characteristics of Respondents by Gender and Years of Service

In this section, a cross tabulation between gender of participating teachers and years of service (experience) were run to test the relationship. The results were presented in Table 5.

Table 5: showing background characteristics of the respondents by gender and years of service.

Background characteristics	Gender	
	Males (%)	**Females** (%)
District		
Solwezi	44.7	55.3
Kasempa	47.5	52.5
Years of service		
1-5 years	41.7	58.3
6-10 years	40.5	59.5
11-15 years	47.3	52.7
16-20 years	54.9	45.1
Above 20 years	54.8	45.2

Table 5 indicates that in both districts there were more women with loans than men. The emerging pattern from the table shows that women with less experience (1-15 years) acquired more loans than the more experienced ones between 16 and 20 years and above. While the statistics are vice-versa for the males where more experienced men (16 years and 20 and above acquired more loans than their less experienced male counterparts.

4.1.6 Mean Mode and Standard Deviation of Age of Respondents

This section tried to establish the maximum, minimum, mode, mean, and median ages of the participants that participated in the study as shown in Table 6.

Table 6: Indicating mean, max, min, std. deviation and mode age of respondents.

Mean	Median	Std. Deviation	Mode	Min	Max
38	38	7.721	38	21	58

The mean age was 38 years and median was 38 years, the mode was 38 years, max was 58 years and the minimum was 21years with a standard deviation of 7.721. However, 21 years and 58 years were treated as outliers.

4.1.7 Net Salary after Loan Deduction and Age Cross Tabulation.

A cross tabulation to establish the relationship between and net salary after loan deduction and age was run and the results were presented in Table 7.

Table 7: Age and Salary after Loan Deduction (Net Earnings) Cross-tabulation

			Salary after loan deduction						
			K1,500-K2,000	K2,000-K2,500	K2,500-K3,000	K3,000-K3,500	K3,500-K4,000	Above K5,000	Total
Age Group	20-25	Count	2	4	1	1	1	2	11
		% within age2	18.2%	36.4%	9.1%	9.1%	9.1%	18.2%	100.0%
	26-30	Count	7	4	10	9	11	7	48
		% within age2	14.6%	8.3%	20.8%	18.8%	22.9%	14.6%	100.0%
	31-35	Count	6	13	14	12	11	8	64
		% within age2	9.4%	20.3%	21.9%	18.8%	17.2%	12.5%	100.0%
	36-40	Count	15	30	18	16	22	6	107
		% within age2	14.0%	28.0%	16.8%	15.0%	20.6%	5.6%	100.0%
	41-45	Count	7	4	4	13	10	7	45
		% within age2	15.6%	8.9%	8.9%	28.9%	22.2%	15.6%	100.0%
	46-50	Count	4	3	0	2	10	3	22
		% within age2	18.2%	13.6%	0.0%	9.1%	45.5%	13.6%	100.0%
	Above 50	Count	4	1	1	6	9	4	25
		% within age2	16.0%	4.0%	4.0%	24.0%	36.0%	16.0%	100.0%
Total		Count	45	59	48	59	74	37	322
		% within age2	14.0%	18.3%	14.9%	18.3%	23.0%	11.5%	100.0%

The pattern emerging from this distribution (in table 7) was that the middle ages of between 36 years and 45 years combined borrowed more than those in the lower age groups (20-35) years and those in the highest age group (46 years and 50 years and above) respectively with about 171 out of 322 constituting about 53.1 percent of the total distribution belonging to the middle age.

4.2 Findings on Sources of Microfinance Loans for Teachers and their Sustainability in Achieving Sustainable Development.

The first objective of the study was to ascertain the sources of teacher microfinance loans in order to establish the sustainability of lending rates in achieving sustainable development.

This objective was guided by the research question: What were the main sources of microfinance loans for teachers? The researcher presented the findings on the sources of microfinance loans for teachers in Figure 7.

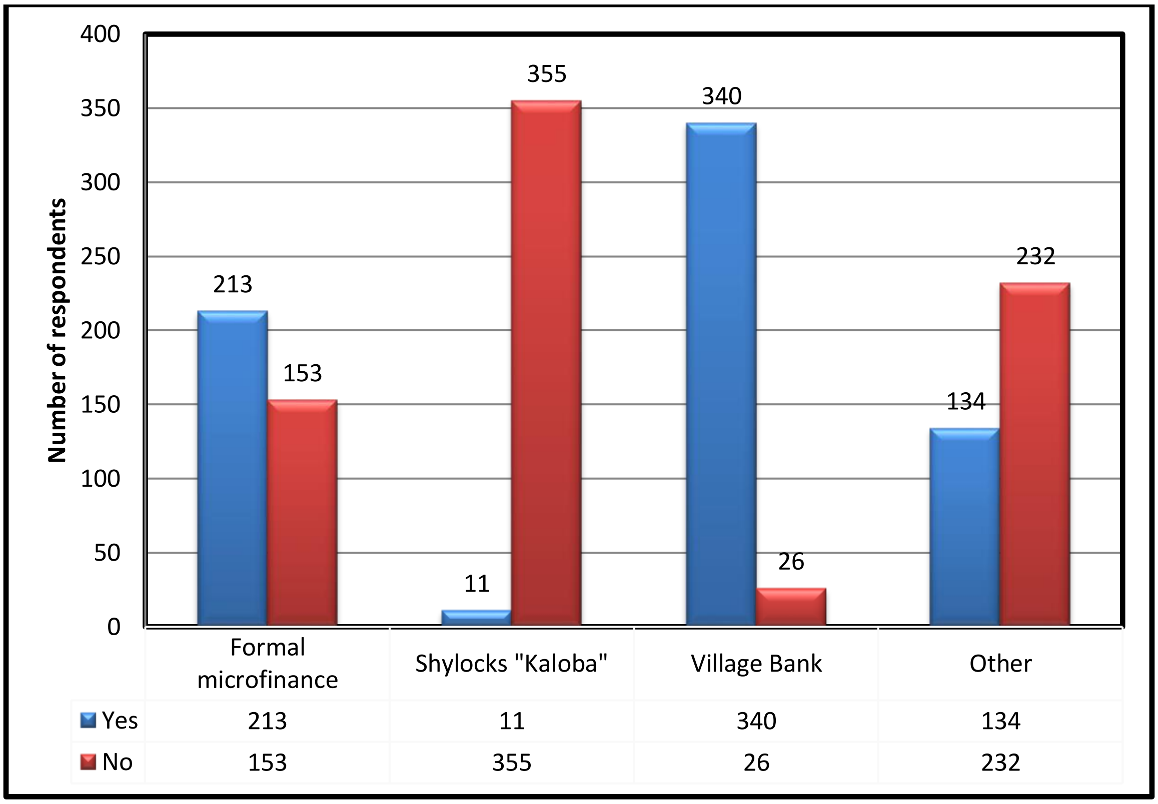


Figure 7: showing Sources of microfinance Loans.

The study findings revealed that the major source of microfinance loans were formal microfinance loan lenders such as Bayport, Izwe etc. with 213(58.2 percent) respondents followed by Bank (though not focus of this study) with 134(31.7 percent) respondents followed by Village bank with 26(7.1 percent) respondents and Informal sources such as *kaloba* had the lowest number of respondents with 03(11 percent).

4.2.1 Formal Microfinance

Formal microfinance refers to all legally registered microfinance institutions that meet the Bank of Zambia requirements for an institution to operate as a money lender. Under this type of microfinance, fall such institutions as: Bayport, Izwe, Madison and many others.

4.2.2 Bayport

From the teachers interviewed about the sources of microfinance loans, it emerged that 4 out of 5 had loans with Bayport and when asked why they preferred Bayport, they responded that it was easily accessible as it followed them to their districts and even repaid the outstanding loans from other institutions. This helped them save money and time than to follow them to their offices. However, when it came to the issue of lending rates, all the 5 participants agreed affirmatively that Bayport like most microfinance companies had high lending rates. These specific answers could only be solicited from the interviewees as the questionnaire objective questions could not give detailed subjective answer required to address issues on sources. The researcher noticed from the responses the interviewees gave that the MFI such as Bayport were preferred to banks however, because their requirements were easier to meet and cash was given instantly while banks could take weeks even months to disburse loan funds. One of the interviewees stated that:

> Even if the rates for Bayport are high as compared to banks, we get loans from them because they follow us to our schools and repay other loans and give instant cash unlike banks that take months.

4.2.3 Izwe Loans

Study findings indicated that this was the third major source of Microfinance loans for teachers in Kasempa and Solwezi from banks that were second (not so much the focus of this research though). When participants were asked about the lending rates, they disclosed that the lending rates for Izwe were in fact slightly higher than Bayport but they were the easiest to access as they had agents almost everywhere. One teacher disclosed that:

> Izwe has agents that are everywhere so they give loans easily though their rates are slightly higher than Bayport.

4.2.4 Public Service Microfinance Company

This is the microfinance finance institution set up by government to lend money to Public Service Workers. 3 of the 5 interviewed respondents indicated that Public Service Microfinance Company (PSMFC) had the lowest and sustainable lending rates and this was backed by results from document analysis of loan repayment schedules attached in appendix 'E' though the participants lamented that their (PSMFC's) loans were difficult to access and that they disbursed small loans. One interviewee lamented that:

> Public Service Microfinance is the best. It has low interest rates but difficult to find and acquire a loan from them. Let them decentralise.

4.2.5 Informal Microfinance (*Kaloba*)

This was another source of microfinance for a very small fraction of desperate teachers which according to this study only accounted for 3 percent or 11 respondents out of the 344 that responded to the questionnaire. Unfortunately, no one was comfortable to give any information regarding this source in an interview because of the negative connotations attached but almost all the five interviewees agreed that some teachers used this source.

Summary of findings on sources of microfinance loans for teachers

Research indicated that Bayport was the major source of MFL for teachers in Solwezi and Kasempa districts followed by Izwe Loans. However, one serious complaint about high lending rates was commonly expressed by all participants.

4.2.6 Lending Rates and their Sustainability in Achieving Sustainable Development

In order to establish whether lending rates were sustainable and could help achieve sustainable development, the researcher tested these variables in a questionnaire using a Likert scale on a scale of 1-5 analysed the responses using SPSS and presented the results as shown in Figure 8.

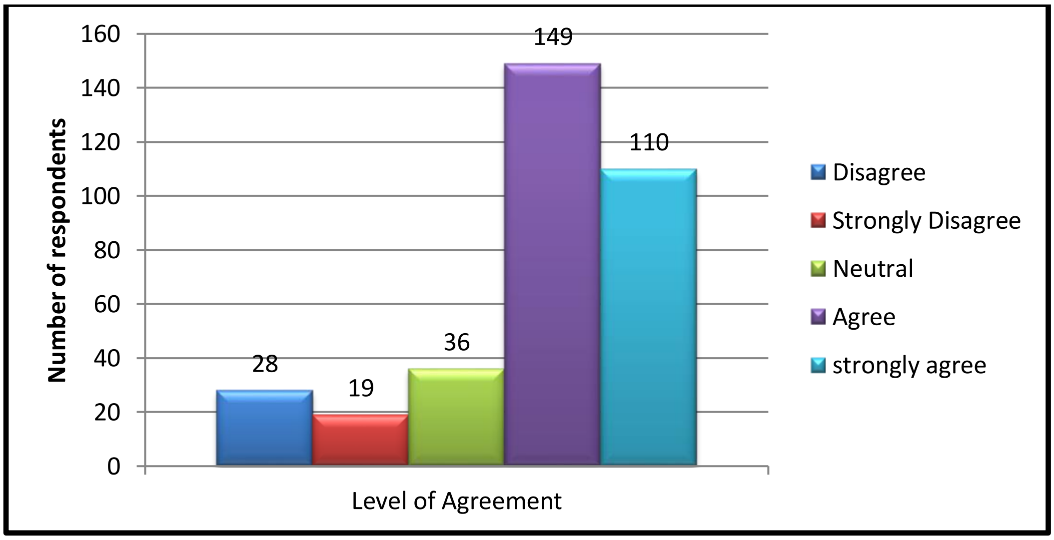


Figure 8: Lending rates and their sustainability in achieving sustainable development

When asked to respond to the assertion that lending rates for formal microfinance (Bayport, Izwe, Madison Finance etc.) were high, the respondents gave the following responses on a Likert scale of 1-5, 28 respondents (8.1 percent) disagreed that lending rates for MFI were not high and 36(10.5 percent) were neutral while 149(43.5 percent) agreed and 110(32.1 percent) strongly agreed that lending rates were high while those who strongly disagreed were 19 (5.6 percent). Those that agreed totaled up to 259(43.6 percent) respondents out of the 342 that successfully answered this question in the questionnaire representing (75.7

percent) while the number of those that disagreed totaled up to only 47 (19+28) respondents constituting (13.8 percent) disagreed. This meant that there was general consensus among respondents that lending rates for MFI were high. These results were further reaffirmed by a high mean score of responses from respondents of 3.89 and a well-supported standard deviation of 2.119 which indicated that the responses were clustered around a mean of 4 which was very high on a 5-point Likert scale. A mean score of 4 strongly supported by a mode of 4 indicated a strong agreement that lending rates were high. The statistical results of the responses were further tabulated as shown in Table 8.

Table 8: showing Mean, Median, Mode and Standard Deviation of responses on lending rates.

N	Mean	Median	Mode	Std. Deviation
340	3.89	4	4	2.119

The challenge of high lending rates was also confirmed by the findings from document analysis of loan repayment schedules see appendix (E). The results of the interviews also confirmed this with one participant saying that:

> Lending rates are very high. They need to be revised so that as teachers, we are not disadvantaged. We are paying more at the end of the period of the loan.

One the other hand, when one of the MFI managers was asked why their lending rates were high, the following response was given:

> You know microfinance businesses borrow money from commercial banks at market rates. We need to make a profit and pay back the loan. There is no way we can charge the same interest as commercial banks.

4.2.7 Sustainability of Microfinance Loans as Sources of finance

In order to establish whether microfinance loans were a sustainable source of finance and could lead to sustainable development in line the first research objective, this notion was tested in a questionnaire where the respondents gave responses that were subjected to statistical tests of mean, mode, median, and standard deviation. The results were tabulated as shown in Table 9.

Table 9: showing the responses on the sustainability of sources.

	N	Mean	Median	Mode	Std. Deviation
Sustainability of Microfinance as Source of finance.	363	2.21	2	2	1.107
Microfinance Loans and Sustainable development.	358	2.3	2	2	1.196

The responses on whether microfinance loans in their current form (with high lending rates) could lead to sustainable development or not, scored the following statistical results as tabulated in Table 9: A poorly supported mean score of 2.30, standard deviation of 1.196 and a mode of 2; were scored meaning that more responses were centred around the mean score of 2 which clearly indicated a unanimous consensus disagreement on the assumption that microfinance loans could foster sustainable development.

The responses on sustainability of lending rates; a mean score of 2.21, a median score of 2, a mode score of 2 were recorded. These scores are very low on a Likert scale of 1-5. These responses were negatively skewed meaning that the respondents did not agree that microfinance loans were a sustainable source of finance for teachers. This simply meant that respondents believed that microfinance loans in their current form could not lead to sustainable development. This was further reaffirmed by a detailed distribution of respondents' responses as presented in Figure 9.

4.2.7 Sustainability of Microfinance loans as Source of Finance for Teachers

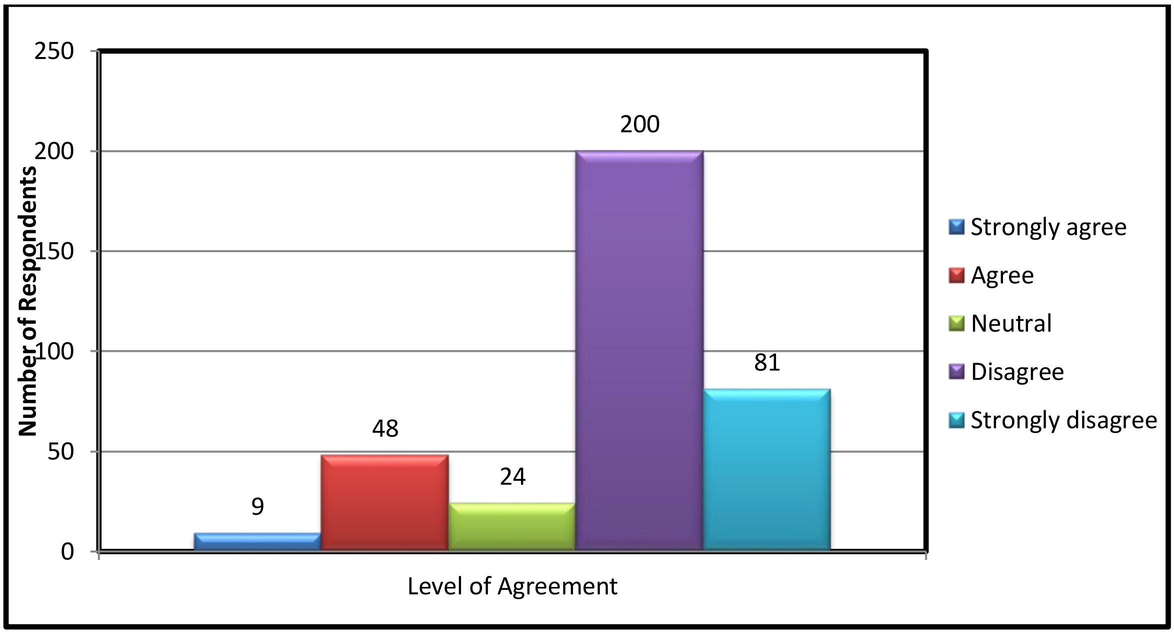


Figure 9: Sustainability of Microfinance loans as source of finance.

When asked if microfinance could lead to sustainable development, the respondents gave the following responses: Strongly agree (81), agree (48), Neutral (24), Disagree (200) and strongly disagree were 9. From the distribution, as earlier indicated in table 8, agree was strongly supported at 200 respondents plus the 81 strongly disagree bringing the total to 281 against 48 agree and 9 strongly agree out of a total number of 362 respondents. It was therefore clear that the majority of respondents 76% (281 out of 362) believed that microfinance was not a sustainable source of finance for teachers and could therefore not foster sustainable development.

4.3 Findings on Opportunities Teachers had from Microfinance Loans

This section presents the findings on opportunities teachers had from microfinance. Opportunities as used in this study mean chances that microfinance loans opened up for teachers which they would have not have had if they did not have access to these microfinance loans. The following research question was employed to identify what opportunities had been created for teachers by microfinance loans: What opportunities do the teachers have from microfinance loans? The responses were presented in Figure 10.

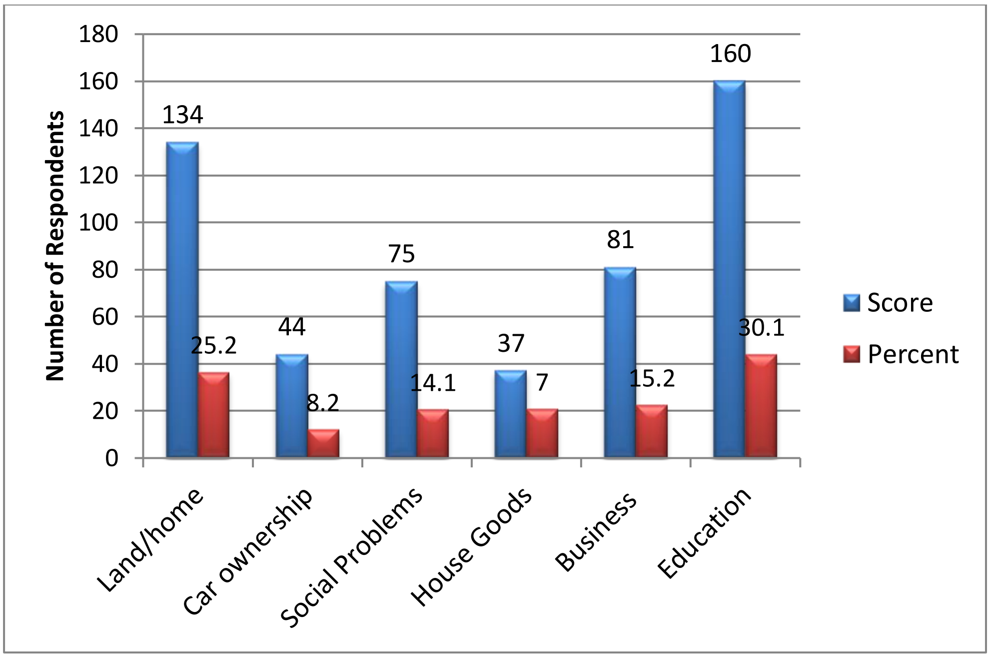


Figure 10: showing loan opportunities

Those who had a chance to upgrade education because of microfinance loans were 160(30.1 percent), those who spent their loan on solving social problems were 75(14.1 percent), and those who acquired land or built a house were 134(25.2 percent), those who used the loan to buy a car were 44(8.2 percent), those who had invested in a business were 81 (15.2 percent) and those who spent on house hold goods were 37(7 percent). From this distribution, it can be said that most teachers used their loans on upgrading their level of education at 30.1 percent followed by land acquisition or home ownership at 25.2 percent with 37 respondents using loan on house-goods standing out as the least use of loans at 7 percent.

These findings from the questionnaire respondents' responses were further corroborated with the qualitative results obtained from the results of the 5 interviewed participants where the following themes emerged: up grading of level of education, land acquisition, house construction, business investment, cushioning meagre salaries and solving social problems. Below were the interviewees' responses that explained in detail what opportunities were opened up to them by microfinance loans as follows:

Upgrading educational level was one of the major opportunities that were identified by teachers who participated in the research through interviews where almost every one of the 5 participants responded by stating that they spent part of the loan to pay school fees for the purpose of upgrading their level of education or paid school fees for their siblings or children especially for tertiary education.

> From the time the loans were introduced, most teachers have upgraded their level of education; those with certificates have upgraded to diplomas and those with diplomas to degrees and further because of loans. People have paid for their school.

Land acquisition/home ownership was another opportunity teachers had from microfinance loans according to the study findings. All the 5 interviewed participants indicated that they had either acquired a piece of land (plot) or had built a house out of the microfinance loan they acquired.

> Through these loans we have managed to buy big assets like cars, which we couldn't buy through our small salaries and also others have even managed to get plots and build like in my case, I have managed to build a house even before I retire. At least I have bought a car from myself before I retire.

However, one of the managers from one of the major microfinance lenders disclosed that through interaction with teachers during the loan acquisition process, it was realised that a good number of teachers kept on going for loan refinancing to complete their houses which were incomplete. He gave the following narrative:

> I have observed that teachers and other Government Republic of Zambia (GRZ) employees keep on coming for loans to complete their houses. Of course, others it's not true but I have noticed with sadness that most of them are not able to build a complete house using one loan. This is mainly due to lack of Bill of Quantity (BoQ). They will start building without planning so you find that materials run out. They will still be renting while the loan will be running for the next five years putting more pressure on themselves.

Motor vehicle ownership was another opportunity where 4 of the 5 interviewed teachers identified it as an opportunity accorded to them by microfinance loans, which according to one of them, it could not have been possible because their salaries were too small to purchase a car.

Another opportunity which 2 out of the 5 participants interviewed identified, was business investment. They mentioned that they had used a loan on some business investment. However, the common complaint among all of the was that their business did not do well as they were unable to compete favourably with full time business men and women because many of them took it as part time because they also needed to focus on work. This led to losses while the loans continued to run. One teacher participant gave the following reason for failed business investment:

> To me I feel that not all the loans that we teachers have got have given us enough profit. Also, what makes the matters worse is we are not the only people engaged in that form of business. We are in competition with people who are in business full time while we do it as Part time from our full time teaching job. So, we fail to compete favourably. Time, time, you know. People steal from us…….. workers you know. But a few other guys are trying like….. he mentions one of the prominent business men in town.

Purchase of house-hold goods was also another opportunity where teachers utilised their microfinance loan money. This particular response was given by respondents in a survey which indicated that some of the money from loans was spent on purchase of house hold goods. This particular use represented loan money purely spent on consumption however.

4.4 Findings on Challenges Faced by Teachers from Microfinance Loans and their Effects on Teacher Performance.

These findings were in line with objective number three which sought to explore the challenges faced by teachers from microfinance loans in order to establish their effects on teacher performance for sustainable development. This objective was guided by the following research question: What were the major challenges teachers faced from microfinance loans and their effects on teacher performance?

In relation to this research question, the following responses emerged: Delayed refunds after wrong deduction or loan repayment, multiple loan recoveries, delayed loan statements, poor standard of living, personal and family hardships, lack of consumer protection against illegal financial practices, reduced house-hold income, and loan dependency syndrome.

To address objective number 3, which sought to explore the challenges teachers faced from microfinance, the variables in Table 10 were tested in a questionnaire, the responses were measured using a Likert scale of 1-5 and the descriptive statistics on mean, and standard deviation were run and the results were tabulated as shown in Table 10 on the next page. Since the study used a mixed embedded design, the researcher consolidated the quantitative results with the verbatim from the interview responses that tallied adding a voice to these challenges faced by the teachers.

Table 10: showing challenges faced by teacher from microfinance loans by mean and standard deviation.

Challenges	**N** Statistic	**Mean** Statistic	**Std. Deviation** Statistic
High lending rates	341	4.12	1.986
Multiple deductions	337	3.81	1.169
Indebtedness among teachers	326	3.97	.997
Increased poverty	340	3.50	1.201
Lack of proper planning for loan use	336	3.88	1.040
Zero net pay (no salary due to excessive debt)	341	2.83	1.304
Loan dependency syndrome	339	4.04	.987
Delayed refunds after double or wrong monthly deductions	341	4.06	1.050
Fluctuations (increase) in monthly deductions	340	3.86	1.126
Loss of personal dignity	329	3.96	1.144
Valid N (list wise)	285		

4.4.1 High Lending Rates

The challenge of high lending rates scored the highest mean out of all the challenges as can be seen from Table 10. The responses by respondents about the challenge of high lending rate was agreed to with a high mean of 4.12 with a standard deviation of 1.986 as indicated in the summary Table 10 as shown. The high mean score of 4.12 out of 5 on Likert scale of 1-5 means that this assertion was highly supported by respondents. This finding was further supported by interviewee responses which also indicated that the high lending rates among MFI were one of the major challenges they faced. Document analysis results as shown in appendix F further confirmed this. The study findings further revealed that lending rates were very high coupled with hidden charges such as insurance, commission at 5 percent of the principal loan amount, arrangement fees and Credit Rating Bureau (CRB) processing fees at K50 which were all paid up front deducted from the principal loan amount. One teacher participant lamented;

> Lending rates are very high. They need to be revised so as teachers we are not disadvantaged. We are paying more at the end of the period of the loan. These microfinance institutions they hide other charges such as insurance, CRB fees, commission so on.

4.4.2 Delayed Refunds

The challenge of delayed refunds came out strongly from at least 3 of the 5 respondents interviewed. It was reported that the process of refunding was slow and frustrating. It came to light that when one refinanced an existing loan, instead of stopping, the MFI deliberately continued to deduct the money until after a long struggle. The study further revealed that after a wrongful deduction had been made, the affected teacher had to wait until a good two weeks or even a month to be given a refund by the lender. To be precise, it was after 10^{th} of every month when government through PMIC (government payroll management system) remitted money to the MFI so the teacher had to wait between 10 to 14 days after pay day to receive the payment. If the amount was large, and if a teacher had other loans, there was very serious suffering on the part of the affected teacher. One of the interviewed teachers lamented while describing her own experience that:

> Then the other challenge is when for example, you refinance a microfinance loan or you get a top-up, you will find that it takes a long and tedious procedure for them to give you back your money. I have a very clear experience which I went through with one of the lenders. The loan was finished, but they continued to deduct. Now for me to get back the money they deducted, it took me a long period of time, which was inconveniencing because they had already recovered their money but I could not access my money which I would have used on other things. Meanwhile you have to rely on a small salary. Money was paid after several follow-ups from Kasempa to Solwezi.

These findings were further confirmed by the high mean score from the quantitative respondents' responses with a mean score of 4 and a standard deviation of 1.050 representing agree on a 5 point scale Likert- scale which meant that the majority of respondents agreed that the challenge of delayed refund was real. However, the low standard deviation shows that there were a lot of outliers in the distribution of responses coming from such responses as "strongly agree", and "strongly disagree."

4.4.3 Personal and Family Hardships

The findings revealed from the 5 participants interviewed that, microfinance loans had contributed to personal and family hardships among some borrowers. One of the participants when asked on how loans had affected her disclosed that:

> I suffered a very big financial blow from these loans whereby I couldn't even manage to….I could just suffer say that I barely survived financially. It was really a very difficult period for me –the salary was far below compared to the basic needs for my family. So, it was a very, very nasty experience. My children called me when I was at school one time to tell me they had closed our water supply, electricity by then there was no prepaid, they talked about mealie –meal finishing and you can imagine. I don't even want to even to think about it.

In fact, when respondents were asked if microfinance loans had contributed to poverty among teachers in general, they responded on a Likert scale with a mean of 3.5 and a standard deviation of 1.2 a response quite high on Likert scale towards 4 which is agree meaning that teachers agreed that microfinance loans had somehow contributed to poverty among some teachers by pushing them into debt and reducing their take home income as shown in Figure 6 on page 41.One may argue that the purported increased poverty among some teachers cannot be attributed to microfinance alone when teachers had other debts. What should be realised is that microfinance as earlier defined, is made up of different types of lenders; both formal and informal. This entails therefore that not all microfinance loans are institutionalised as one may think.

4.4.5 Indebtedness

The responses of 4 out of the 5 participants interviewed, indicated that a good number of teachers had loans with a reasonable number of them getting low amounts of money hovering between 40 to 50% of their net pay which translated to between K1800 and K3000, which was below Zambia's monthly food basket for a family of 5. The results from the quantitative survey indicated as shown in Figure 6 on page 41, that 46.7 percent of the respondents had a net pay of K3000 and below. These findings were further reaffirmed by the quantitative results of the responses from the respondents if they thought indebtedness was a one of the challenges faced by teachers from microfinance loans, the results gave a mean score of 4 with a standard deviation of 0.997, which meant that most respondents scored a 4 on a 5 point scale Likert scale which meant that they agreed that indebtedness was a serious challenge that teachers faced from microfinance loans.

Further confirmation of the challenge of teacher indebtedness from microfinance loans was given by a meticulous revelation by one of the highly indebted teachers describing his experience as follows:

> I had K900 on my payslip in 2016 of which that same money was supposed to cushion all the requirements in my home including rentals. Rent I was supposed to pay K600, and then I had to settle bills for electricity as well as pay the balances of school fees for my children, imagine. One teacher lamented.

However, a contrasting view was given by a senior marketing manager from one of the leading MFIs who when asked to react to the assertion that microfinance loans had contributed to an extent to teacher indebtedness, responded that;

> To some extent yes, the availability of microfinance loans and the coming on board of many players in the microfinance sector have contributed to teachers over and multiple borrowing. Especially now people are borrowing without thinking and are getting into a lot of debt. Loans are supposed to be invested because they are expensive-not to be consumed; that is where the problem is.

4.4.6 Lack of Consumer Protection against Illegal Financial Practices

5 teacher participants and 2 key informants from microfinance institutions interviewed agreed that there was poor enforcement by the central bank of the current microfinance regulatory framework citing it as another serious challenge faced by teachers. There was an indication from both the lender and the borrower that among lenders, some never abided with the provisions of the law especially that of not lending below 40 percent of one's gross pay. The informant from MFI complained by disclosing that:

> The first challenge is regulation obviously. There is regulation but what we need is reinforcement of this regulation. Like for instance, 40% threshold; there are some institutions that will more or less abide and there are some that are not going to abide. You know what? There is a problem. All of us should be on a level playing field. If they say its 40%, everyone should do 40% and leaves the client with 40% that will be good.

4.4.7 Effects of Microfinance Loans on Teacher Classroom Performance.

In further addressing the second part of objective number 3, which sought to examine the effects of microfinance loans on teacher performance, which was guided by the following research question: What are the effects of microfinance loans on teacher classroom performance? was used to help test the different variables pertaining to teacher performance in the questionnaire on a scale of 1-5 and the responses were subjected to further descriptive statistical analysis of mean and standard deviation and the results tabulated as shown in Table 11.

Table 11: Effects of Microfinance Loans on Teacher Performance.

	N	σ	$\bar{x}$
Teachers with too many loans do not attend to their classes regularly	328	1.301	2.49
Pupils for teachers with many loans don't perform well in final exams	339	1.313	2.43
Teachers with too many loans take long in completing routine assignments	342	1.305	2.83
Teachers with too many loans are generally demotivated to work	344	1.323	3.85

From Table 11, a mean of 2.43 with a standard deviation of 1.313 were the average responses to the question about teachers with many loans having pupils not performing well during final examinations. This was the least supported view meaning that the respondents did not agree with this assertion. While teachers with too many loans generally felt demotivated to work scored a mean of 3.25 on a 5-point Likert scale with a standard deviation of 1. 323. This had the highest mean score which meant that it was the highest supported view which indicated that there was a general agreement among respondents that teachers with many loans felt demotivated. These study findings were further reaffirmed by the qualitative views from interviewees one of whom gave the following explanation:

> May be to start with, when you have no money, your mindset I think is off target. Instead of focusing on what you are doing in class; teaching, preparing lesson plans, you will be busy trying to think about where to get money in order to feed your family as you get back home. So, even as you go to class, you would find that your mindset won't be focused. Sometimes you just feel demotivated to work you even move up down to look for money elsewhere.

4.5. Mitigation Measures for Challenges Teachers Faced from Microfinance Loans.

These findings were in relation with the forth objective which sought to solicit the mitigation measures to the challenges teachers faced from microfinance loans. These findings were guided by the following research question; what would be some of the appropriate ways of mitigating the adverse challenges faced by teachers from microfinance loans to achieve sustainable development? Different variables such as: lowering interest rate, regulating rates, providing financial literacy, increasing take home from 40 to 60 percent, banning lenders from giving top up loans, and providing entrepreneurship training to teachers were all tested in the questionnaire on a Likert scale of 1-5 and responses were subjected to statistical analysis of mean, mode and standard deviation. The results of statistical analysis were presented in Table 12 on the next page as shown. Since the study used the embedded mixed design, the emerging themes from the qualitative analysis were presented side- by- side with statistical analysis results.

Table12: Summary of the suggested mitigation measures to challenges faced by teachers from microfinance loans by mean, and standard deviations.

	N	Mean	Mode	Std. Deviation
Lowering interest rates	344	4.38	5	.940
Regulating lending rates	338	4.21	4	.907
Providing financial literacy	336	4.15	4	.950
Increasing take home incomes from 40% to 60%	339	3.96	5	1.158
Banning lenders from giving top up loans	343	3.34	4	1.356
Provide entrepreneurship trainings	344	4.19	4	.839
Government should provide low interest rates	344	4.55	5	.743
MFI should increase loan repayment periods from 60 to 120 months	342	2.98	1	1.552

Lowering lending rates scored a mean of 4.38 with a standard deviation of .940, regulating lending rates scored a mean of 4.21 and standard deviation of 0.90, providing financial literacy to teachers scored a mean of 4.15 with a standard deviation of 0.950 while increasing take home pay from current 40 percent to 60 percent scored a mean of 3.96 with a standard deviation of 1.158,banning lenders from giving top up loans scored a mean of 3.34 with a standard deviation of 1.158,provide entrepreneurship trainings scored a mean of 4.1 with a standard deviation of 0.839 government should provide low interest loans scored a mean of 4.55 with a standard deviation of 0.743, MFI should increase loan repayment period from 60 to 120 months scored a mean of 2.98 with a standard deviation of 1.552. All the mitigation measures were strongly supported apart from the notion that repayment period should be increased from 60 to 120 months that scored the lowest mean of 2.9. All the scores were based on a 5-point Likert scale as shown in Table 12.

4.5.1 Provision of Low Interest Loans.

From the interviews that were conducted with selected highly indebted teachers, four of the five participants, suggested that government needed to provide low interest loans to teachers so that they were not over-exploited by MFI that lent money at very high lending rates coupled with a lot of hidden charges that made borrowing not meaningful. One participant suggested that,

> The government is supposed to come up with an institution that will be giving civil servants cheaper loans at low lending rates. This means that they will refrain from borrowing expensive loans from microfinance.

These findings were supported by data from the questionnaire where the notion was strongly supported with a high mean score of 4.38 and a very high mode of 5 meaning that almost every teacher agreed that lowering lending rates would mitigate the challenge of high lending rates.

4.5.2 Strengthening Regulatory Framework for MFI

Suggestions were given by most participants including the key informant from microfinance service provider that lending regulatory framework should be strengthened to compel MFI to practice professional financial lending practices, so that they did not lend money to teachers on low pay making them become highly indebted. The teachers complained that there were so many, money lenders some of whom, did not even appear on the pay slips, which had been lending money to teachers irresponsibly without following the Central Bank’s laid down procedures. One teacher suggested that:

> I feel government should come up with strong regulatory board that I can call consumer protection board which will regulate lending rates and help resolve some of the challenges teachers face such as delayed refunds, wrong and prolonged over deductions etc. the participant suggested. (Interview with highly indebted teacher; March, 2018).

4.5.3 Mitigating the Challenge of Delayed Refunds

Research has revealed that after one had refinanced or settled the loan, sometimes the loan continued to run long after it had been cleared, according to the participants this could go on for some time without the MFI terminating the loan. The procedure to recover the money was difficult, tedious and not only time consuming but also expensive as the teachers had to travel from their various rural locations to Solwezi where these MFI were found at their own expense.

> The other issue is that of delayed refund and double deduction. If regulatory framework can be stiffened and made stronger than it is now in such a manner that any lending institution that recovers twice or deliberately fail to payback promptly should do so at an interest. You know it’s very painful and that really inconveniences someone. Government should put in place measures to protect consumers.

4.5.4 Mitigation of Credit Rating Bureau Non-Record Clearance.

Research revealed that the other challenge was non-clearance of CRB record after loan repayment. There was a unanimous agreement among the interviewees with 3 of the 5 saying that, CRB did not clear them after completing the loan repayment and, therefore, suggested that MFI should ensure that they submitted clients' details of the loan immediately their loan came to an end so that their clients do not suffer when they want to access a new loan from other institutions.

> and also, the issue of CRB, the moment the loan is cleared; it is also supposed to be updated in the system of the lender and submitted to CRB indicating that the loan had run its full life span.

When a question was posed to the marketing manager of one of the major MFIs on how some of the challenges faced by teachers from microfinance loan could be mitigated, she responded by stating that;

> Teachers also, before they borrow I think, need to be taught. They need some kind of financial literacy where they know or they understand some of the implications especially of rates and when they borrow for sixty months, what does it mean?

4.5.5 Providing Financial Literacy to Teachers.

Provision of financial literacy to teachers was another suggestion to mitigate the challenges teachers faced because of microfinance loans. This was also supported by a very high mean of 4.21 with a very high mode of 4 which means that most teachers agreed that provision of financial literacy was needed among them.

4.5.6 Banning Lenders from Giving Top-up Loans

Banning of top up loans (loans given on an already existing loan) was another suggestion: The responses strongly supported the notion with a mean of 3.34 supported with a median of 4 which is very high leading to a conclusion that most of the respondents agreed that banning top up loans would minimise the challenges teachers were going through resulting from microfinance loans.

4.5.7 Increasing Take Home Pay from Current 40 percent to 60 percent

Increasing the take home pay was another suggestion for mitigation of challenges teachers faced because of microfinance loans. However, it was poorly supported with a mean score of

2.98 while the standard deviation was 1.552 with a mode of 1. This notion was disputed by many teachers.

4.5.8. Mitigation of Credit Rating Bureau non-clearance Record.

The study established that the other challenge was non-clearance of CRB record after loan repayment. Some interviewed participants indicated that CRB did not clear after completing loan repayment and, therefore, suggested that MFI should ensure that they submit clients' details of a loan immediately their loan comes to an end so that their clients did not suffer when they want to access a new loan from other institutions.

> and also, the issue of CRB, the moment the loan is cleared; it is also supposed to be updated in the system of the lender and submitted to CRB indicating that the loan had run its full life span.

Summary

In the preceding chapter, the findings on sources of microfinance loans for teachers, the opportunities teachers had from these microfinance loans, the challenges teachers faced from microfinance loans and how they affected their performance and the mitigation strategies to these challenges were discussed. In the next chapter, the discussions of findings are presented.

CHAPTER FIVE: DISCUSSION OF FINDINGS

5.1 Overview

In the previous chapter an analysis of questionnaire, interview, and document analysis results was done. In this chapter, the findings presented in chapter four are discussed. Findings such as sources of microfinance, lending rates, opportunities teachers have from microfinance loans, challenges teachers faced because of microfinance loans and finally the mitigation measures to the challenges faced by teachers from microfinance loans are discussed to bring out their implication. However, not everything will be discussed only significant points determined by the mean, mode, and or standard deviation are discussed in the proceeding paragraphs.

5.2 Sources of Microfinance loans for Teachers

Sources as used in this study, refers to institutions or any other places where teachers borrow money. Research findings established that the major source of microfinance loans for teachers were formal microfinance. These included: Bayport, Izwe, and Madison among others and banks, though not much the focus of this research. Bayport came out as the number one lender to teachers in Kasempa and Solwezi. However, the complaint echoed by all respondents was that the lending rates of these MFI were very high ranging from 45 percent to 60 percent (see appendix E) such that these loans could not make a meaningful contribution to sustainable development. The high cost of borrowing made it difficult for borrowers to realize meaningful returns on their investment. What this means is that, since loans are meant to be invested, if the cost of borrowing is very high (high lending rates), it means the amount of profit (returns) to the borrower is reduced and if the cost of credit is lower, the returns (profit) on the loan if invested are likely to be high with other variables remaining constant. These findings were in contrast with Bacon's Theory of "Commodities and Discommodities of Usury" ", published in 1625 who argued that, "Money-lending is necessary and should not be abolished, but should be regulated." This theory supports money lending but is against lenders from exploiting borrowers by charging high interest rates. The researcher agrees with what Bacon advanced about money lending that it should be allowed to operate so that it can provide capital and facilitate trade but government should keep a close eye on lenders so that they do not exploit the borrowers by ensuring that the relationship is not the "zero-sum gain" which means when one gains, the other loses but should be balanced one where both sides benefit in a situation where the lender makes a profit and the borrower accrues a return on the investment from borrowed money(capital) instead of working for loan repayment due to high lending rates just as argued by Bacon as cited in Hannam (2010, p27) that , "Interest, then, is morally permissible, in so far as it gives rise to great public benefits, so long as it does not exploit the desperation of the needy or ignorant in such a way that they pay exorbitant rates of interest or find themselves caught in a net of debt-bondage." Charging of high lending rates by lenders is also contrary to the theory of microfinance itself by Muhammad Yunus whose belief is that microfinance can foster development from the low-income earners-bottom poor through the provision of low interest loans to them. In fact, another ardent critic of microfinance Schick (2013, p.13) also argued that:

> The fairy of tale of microfinance is beginning to show cracks. The impact on poverty alleviation may be an illusion, and the social microfinance industry faces increasing criticism for exploiting and over-indebting poor customers in the service of high interests and in pursuit of profits although the social mission of microfinance places particular importance on protecting customers.

However, this study established that if teachers acquired their loans from either commercial banks or the government Public Service Microfinance Company, they could access cheaper (low lending rates) and more sustainable loans which could enable them yield returns on their investments as these sources had low lending rates ranging from 18 percent to 26 percent with less hidden charges (refer to loan schedules attached in appendix E).

5.3 Opportunities teachers had from microfinance loans.

5.3.1 Land or home Ownership

Land or home ownership was the second highest opportunity on which many teachers spent their loan money constituting 117(28 percent), the study findings established. Land was considered as an investment as it gained value as time passed and land is one of the major factors of production and production is key to economic growth**.** It was the researcher's view, therefore, that this opportunity could be said to contribute to sustainable development.

5.3.2 Upgrading of Level of Education

The respondents who spent their loans on upgrading education were 134(32.1 percent) constituting the biggest utilisation of microfinance loans among teachers. Education could only be considered to be an investment; however, if it earned an individual more money as a result of acquiring it either by direct promotion at work or by applying the knowledge acquired to generate more income otherwise, it could also be another form of consumption and hence making negligible contribution to sustainable development. This meant that education could be both consumption and investment depending on the outcome. Moreover, it was noted that some teachers had not had their salaries increased after upgrading their level of education. According to Human capital theory, though not the theory that anchors this research, higher education should lead to higher earnings but in this case, it meant this education acquired by these teachers whose salaries were not reassessed into a higher scale of their new qualification, was mere consumption as much of it could not be applied outside their profession to generate extra income for them apart from it being a public good and the satisfaction and prestige of having a higher qualification.

5.3.3 Car Ownership

Those who used a loan to buy a car were 36(8.6 percent). If the car was a luxury one rather than a utility type, it meant that their loans were spent on consumption which could not contribute to sustainable development as a car increased expenses putting more pressure on the already reduced salary due to loan repayment. In fact, another factor that influenced borrowing, according to Schicks (2013), was sociological. Viaud and Roland (2000), as cited in Schicks (2013,p38) contended that, "the pressures of consumer society and materialism may lead consumers to overspend and borrow beyond their limit as people in materialistic societies, may borrow instead of satisfying basic needs, but spend on consumption to build their identity," (Duesenberry, 1990 and Christen & Morgan, 2005) as cited in Schicks (2013) argued that social inequality and social comparison may drive lower income groups to borrow irresponsibly to keep up with the consumption levels of their rich peers. This view is in line with (Tembo, 2014) that made a similar observation by stating that consumption habits were high among GRZ employees.

5.3.4 Solving Social Problems

The study findings revealed that 65(15.6%) of the respondents spent their loan money on solving social problems. This was another example of consumption. This group did not contribute meaningfully to sustainable development. Unfortunately, this was in line with the observations made by many scholars (Fraser, 2015 and Roodman, 2011) that money from microfinance loans was spent on consumption. Loans are meant to be invested and not to be consumed to be spent on things that do not generate income as doing so reduces one's income through loan repayment deductions. The salary can be used for consumption and a bit of savings but not a loan just as pointed out by one MFI manager that "loans are for investing and not for consumption."

5.3.5 Business Investment

Those who had invested in a business were 65 (15.6 percent). This is considered as loan well spent towards contribution to sustainable development though the type of businesses the respondents were engaged in was not explored. The findings of this study had shown that not all the teachers borrowed for consumption. Some borrowed for genuine business investment. Others had succeeded while some had not. This low success rate could be attributed to teachers' lack of knowledge on real investment opportunities and lack of ample time to manage their businesses due to the demands from their work place. One participant mentioned that:

> To me, I feel that not all the loans that we teachers have got have given us enough profit. Also, what makes the matters worse is we are not the only people engaged in that form of business. We are in competition with people who are in business full time while we do it on part time. Anyway, some are making it, for example… he mentions one prominent business man who runs a chain of wholesale and retail shops who is a teacher.

5.3.6 House-hold Goods

The study findings revealed that about 37 respondents constituting 7 percent of the respondents that participated in a survey indicated that they had borrowed to purchase house-hold goods. Though the number seemed relatively smaller, this behaviour constituted consumption. Money spent on buying a TV set, refrigerator, cooker, furniture etc. could easily be saved rather than acquiring a loan. A loan spent in such a manner could not contribute to sustainable development instead it could reduce the income of the borrower as these items do not bring cash flow during the time the loan will be running. Loans are meant for investment so that they can improve the standard of living of the borrowers so that through these investments, they can contribute to sustainable development. A good example of consumption and investment would be a teacher who acquires a loan and buys cattle; the cattle will breed and after the end of the loan period let's say 60 months, those animals will have multiplied the value of the initial capital. On the other hand, if another teacher bought a TV set or refrigerator at the end of a five-year period, these assets will not gain any value instead they will have depreciated.

Respondents that spent their loans on solving social problems were 75 representing 14.1 percent, while those that spent their loans on purchase of house-hold goods were 37 representing 7 percent and those who spent their loan on car purchase were 44 representing 8.2 percent. Combined total of those who spent loans on social problems, those on car purchase and purchase of house hold goods was 156 respondents constituting 29 percent spent their loan money on pure consumption, a scenario that was detrimental to sustainable development. This was contrary to the principles of sustainable development which advocated for change of lifestyles by adopting more sustainable lifestyles which limited consumption. These findings were at variance with the theory of microfinance which expected the poor to use the loan money to invest in a business to improve their livelihoods and lift them from poverty.

5.4.0 Challenges Faced by Teachers from Microfinance Loans.

5.4.1 Delayed Refunds.

The challenge of delayed refunds came out strongly from at least 3 of the 5 participants interviewed. It was reported that the process of refunding was slow and frustrating. It came to light that when one refinanced an existing loan, instead of stopping, the MFI deliberately continued to deduct until after a long struggle. The study further revealed that after a wrongful deduction had been made, the affected teacher had to wait until a good two weeks or even a month to be given a refund by the lender. To be precise, it was disclosed that it was mainly after 10th of every month when government through PMIC remitted money to the MFI of the affected otherwise the teacher had to wait for 10 to 14 days after pay day to receive the payment. If the amount was big, and if a teacher had other loans, there was disruption in their normal way of life on the part of the affected teachers. This could been seen from one teacher who lamented by saying that:

> Then the other challenge is when for example, you refinance a loan or you get a top-up, you will find that it takes a long and tedious procedure for them to give you back your money. I have a very clear experience which I went through with one of the lenders. The loan was finished, but they continued to deduct. Now for me to get back the money they deducted, it took me a long period of time, which was inconveniencing because they had already recovered their money but I could not access my money which I would have used on other things. Meanwhile you have to rely on a small salary. Money was paid after several follow-ups from Kasempa to Solwezi.

These findings were further confirmed by the high mean from the quantitative results which had a high mean of 4 and a standard deviation of 1.050 with response skewed towards ‘agree’ on a 5 scale Likert scale which meant that the majority of respondents agreed that the challenge of delayed refund was real. The effects of delayed refunds were dire for the teachers and their families.

These findings revealed a breakdown in communication between the PMIC (government payroll management system) and MFI where if a loan was repaid, information between the two parties could not flow quickly enough to stop the deduction. The study further established that these delayed refunds were common after loan refund, repayment or top up on an existing loan. This whole seemingly confused situation, benefited the lenders who continued to use the client’s money with impunity before refunding it without interest. One can only imagine how much money these MFIs held for teachers and used from the whole country.

5.4.2. Indebtedness

The study established that teachers had loans with some of them earning low salaries hovering between 40 and 50 percent of their net pay translating to between K1800 and K3000, which was below Zambia’s monthly basic needs basket for a family of five for the month of March, 2018 as determined by Jesuit Centre for Theological Reflection (2018). These study findings were further reaffirmed by the survey results where a mean score of 4 was scored, on a five-point Likert scale which meant that they agreed that indebtedness was a serious challenge teacher faced from microfinance loans. These findings were in line with Schicks (2013) and Hudon (2009), who pointed out that, over - indebtedness was currently one of the most serious challenge in microfinance, endangering both social impact on the consumer and the industry’s stability. Moreover Schicks, (2013) further disclosed that over indebtedness had the potential to push customers further into poverty, accompanied by the material, psychological, and social consequences of debt. From what the study established, it was clear that the findings on indebtedness were contrary to Bacon’s Theory which was against the lender trapping the borrower in debt bondage but argued that debt should be for the public good.

These findings are in line with indebtedness findings also highlighted by Maake (2017, p. 12) who stated that “The department of public service and administration wants help in taking the massive debt burden of civil servants and has therefore put the process out to tender." The article further highlights that the badly hit were nurses, police officers and teachers who earned between R8000 and R13000 a month, from the usual R20000 to 22000.

In fact, one of the participants had this to say:

> I had K900 on my payslip in 2016 of which that same money was supposed to cushion all the requirements in my home including rentals. Rent I was supposed to pay K600, and then I had to settle bills for electricity and as well as pay the balances of school fees for my children, imagine.

It is not every teacher who was highly indebtedness but those who were, they suffered from the material, social and psychological consequences of debt as earlier alluded to by Schicks. It is hard to imagine how a teacher could survive in 2016 on a salary as low as K900; paying rent, children's school fees, buying food, paying water and electricity bills. This information was collected from real teachers describing their personal lived experiences regarding the consequences of over and multiple borrowing from microfinance loans.

5.4.3 Lack of Consumer Protection against Unethical Financial Practices

Lack of consumer protection against unethical financial practices by MFI came out strongly as one of the most serious challenges faced by teachers from MFI. One regulatory instrument to avoid lenders from giving loans to clients, who were not eligible because their net pay was too low, was the 40 percent threshold of one's gross pay. Research revealed that some lenders especially the informal ones such as shylocks and village bank were lending money to clients whose net pay was too low. These findings were in congruent with those of Graham and Cameron (2000) as cited in (Schicks, 2013) who argued that despite MFIs being aware of lending to customers with low, unstable incomes, and low wealth levels, they could overestimate their customers' returns on investment and failed to consider the fact that a large share of their loans was not actually put to productive use. This argument applied to the findings of this study which showed that not all loans were utilised on productive areas judging from how teachers listed as opportunities. This unethical conduct had unfortunately continued with impunity. The practice had driven some teachers into poverty and serious suffering and was counter-productive and in contrast with many theories including the theory of sustainability and microfinance whose goal was not to drive people into poverty but take them out of it. The theory of Usury and Discommodities by Bacon also argued that money-lending for interest is useful in some circumstances, but that the conditions under which money bargains should be made, and that the subsequent relationship that pertains between the lender and the borrower needed to be in constant check (Hannam, 2012).

However, Schicks (2013) looked at this problem differently as she argued that a customer protection perspective should resist the temptation of finding faults only with lenders. It should also consider the role that borrowers themselves play in destructive credit. Sometimes, to a certain extent, protecting borrowers from over-indebtedness may mean protecting them from themselves. The researcher finds Schicks notion plausible as the Zambian conditions of service for public workers code of 2003, classified indebtedness as indiscipline and was, therefore, a chargeable offence. This just showed that the borrower had a responsibility over their actions leading to over and or multiple borrowing. Teachers have the responsibility to borrow sustainably by not borrowing beyond their capacity to pay back.

5.4.4 High Lending Rates

Research findings revealed that high lending rates were one of the biggest challenges faced by borrowers of microfinance loans. The parameters to which the microfinance lending rates were measured against were those of commercial banks at 28 percent and public service microfinance at 10 percent on short term loans and at 18 percent on long term loans while microfinance charge lending rates of between 46 percent and 65 percent respectively sometimes even beyond as can be seen from appendix F. These findings were a clear opposite of what the microfinance theory by Yunus that believed that the provision of low interest and collateral free loans to the poor could foster development from the bottom poor and in total contrast to the views of Bacon the profounder of the theory of the ‘balance of commodities and discommodities of usury’ whose policy recommendations involved a two-tier interest rate cap: a five percent ceiling on retail lending, with no tax or restraint on trade, and a rate of nine per cent for commercial lending, to be conducted only by licensed lenders, who would pay a small tax to the state (Hannam,2012).

Hannam (2012) continued to say that that interest, then, is morally permissible, only if it gives rise to great public benefits, and that long as it does not exploit the desperation of the needy or ignorant in such a manner that they pay exorbitant rates of interest or find themselves caught in a net of debt-bondage. However, these findings were in line with the observation made by Schicks (2013, p. 13) who said that, “The impact on poverty alleviation may be an illusion, and the social microfinance industry faces increasing criticism for exploiting and over-indebting poor customers in the service of interest and profits although the social mission of microfinance places particular importance on protecting customers." The challenge of high lending rates as highlighted by many scholars such as (Ledgerwood, 2010; Okoye & Siwale, 2017 and Hickel, 2015) presents what one would call a missed opportunity. Microfinance has an opportunity to foster development and eradicate poverty among the poor as what they need (the poor) are small amounts of capital which main stream finance cannot provide. To the contrary, MFIs have taken an advantage to exploit the poor even in situations where the risk is low such as payroll-based lending where the borrower's debt is tied to the salary. Hickel (2015) as cited in (Okoye & Siwale, 2017) argued that allowing high lending rates in microfinance to reach such high levels would be like endorsing microfinance as a socially acceptable mechanism for extracting wealth and resources from the poor.

The further contrast was also clear even with the theory of sustainable development especially the economic pillar, which according to University of Alberta Advisory Committee on sustainability (2010, P. 2) ensures that, "Human communities across the globe should be able to maintain their independence and have access to the resources that they require, financial and other, to meet their needs. Economic systems and resources such as secure sources of livelihood should be intact and available to everyone." However, with current trends in microfinance, resource acquisition is skewed towards the rich.

The implications of these findings, therefore, were that the need for cheaper sources of microfinance in the economy could not be underestimated. For a country to achieve economic growth, its citizens should have access to affordable finance-loans at low interest rate. If the cost of borrowing was high, as it is now, with microfinance lenders charging lending rates ranging from 45 percent to 65 percent (see appendix E showing lending rates for MFI); the borrower could not yield enough returns on whatever investment to easily payback the loans. Take for instance if one borrowed K50, 000 would pay K161, 460 at the end of the 60 months loan repayment period. The current scenario favoured MFI's most of which are foreign owned. For example; Izwe is from South Africa, Ned fin-a subsidiary of NED Bank in South Africa, Bayport much of its major share- holding is in South Africa with its head-quarters in Mauritius a purported tax haven, Madison finance has also major share- holders in South Africa with of course with a few Zambians. What this meant was that the billions government paid to civil servants as salaries and wages were systematically syphoned through deductions from teachers and other government workers- a clear example of externalisation. This externalisation in turn puts pressure on exchange rate of this country as this externalised money has to be converted into US dollar or other foreign convertible currencies further contributing to the weakening of the Kwacha. This scenario makes imported capital goods such as tractors, commercial vehicles and other capital machinery needed for investment very unaffordable to the country. One would, therefore, easily guess how much these microfinance loans are contributing to sustainable development in Zambia today.

5.5 The effects of the Challenges of Microfinance Loans on Teacher Class room Performance.

This section presents the discussion of findings of effects of microfinance loans on teacher performance. These findings tried to address the following objective: to explore the challenges faced by teachers as a result of microfinance loans in order to establish their effects on teacher performance for sustainable development. It was guided by the following research question: What are the effects of microfinance loans on teacher classroom performance? From table 13 as shown, there was a mean of 2.49 with a standard deviation of 1.301 for the responses of 'teachers who had too many loans did not attend to their classes regularly as they spent much time looking for money outside the school.' The average response to the question about pupils for teachers with many loans not performing well during final examination scored the lowest mean of 2.47 with a standard deviation of 1.313 and was, therefore, the least supported notion. This meant that the teachers who participated in survey felt that loans did not affect teacher performance in a classroom. On the other hand, the notion that teachers with too many loans generally felt demotivated to work scored a mean of 3.25 with a standard deviation of 1.323. This notion was strongly supported with a high mean of 3.25 skewering towards agree. These findings indicated that teachers felt that loans had less effect on teacher overall classroom performance but generally agreed that teachers with many loans (indebted) were generally demotivated to work. Nonetheless, a slight variation in the findings between the quantitative and qualitative responses was noticed.

These findings indicated that among the respondents from a survey, there was a general feeling that the loans had little effect on teacher performance apart from being demotivated. Despite a unanimous agreement on the notion that indebted teachers were generally demotivated, the interviewed participants in their qualitative lived responses, emphasised that the loan burden had impacted negatively on their general performance at work due to other social problems that emanated from their indebted situation. One could argue that there were many factors that affected teacher performance and it would, therefore, be difficult to isolate effects of microfinance loans, but the argument by the researcher was that, the 5 teachers, who themselves were indebted by microfinance loans, disclosed that it was difficult for them to focus on work because they had to think of where to get money to feed their families, take children to school, cloth themselves and children on a salary of 1500 or K2000. Figure 6 in chapter 4, shows that 32.2% of the 336 teachers that participated earned a salary of between K1500 to K2, 500 after loan deduction. In fact, when the research was being carried out, the monthly basic needs basket for the month of March for a family of five stood at K5, 500 (JCTR, 2018).

From the quantitative views of respondents to which the qualitative views were subordinate in this study, it was clear that there was no absolute effect of microfinance loans on teacher classroom performance despite the a few highly indebted teachers saying there were some effects. However, it was the researcher's view that for now, it seemed that microfinance loans had no reasonable effect on teacher performance, but if the situation continues to deteriorate, microfinance loans have the potential to compromise the quality of education in the near future and if this happens, it will be hard to achieve sustainable development as education is anchor of development. Moreover, evidence from contemporary studies is indicating that teachers with a better pay were more likely to spend more hours in school than those that earned less. Evans (2018, p.2) argued that, "when salaries are too low, teachers often need to take on additional work which can reduce their commitment to their regular jobs and lead to absenteeism, or likely to be one of the main reasons why teachers perform poorly; have low morale." One would doubt if such teachers would spend adequate time in diverse and rigorous pedagogical preparations for their classes as such activities require time, dedication, innovation and sober mindedness.

5.6. Mitigation of Challenges faced by Teachers from Microfinance Loans.

5.6.1 High lending Rates

From appendix 'E', it is evident that the lending rates were very high; therefore, the need for reduced rates could not be over emphasized. These high lending rates were in contrast with Bacon's Theory of Discommodities and Commodities of Usury which recommended low interest rates that should not hurt the borrower. Hannam (2012, p.48) interpreting Bacon's theory said that “Interest, then, is morally permissible, in so far as it gives rise to great public benefits, so long as it does not exploit the desperation of the needy or ignorant in such a way that they pay exorbitant rates of interest or find themselves caught in a net of debt-bondage.” The following, therefore, came out as mitigation measures: government to provide low interest loans to teachers. Government should regulate lending rates as recommended by Bacon who said that, “money-lending for interest is useful in some circumstances, but that the conditions under which money bargains are made, together with the subsequent relationship that pertains between the lender and the borrower should be in constant check,” (Hannam,2010, p27).

5.6.2 Delayed Refunds

Punitive measures should be put in place to protect borrowers from lenders who take advantage and use the money without paying interest. One teacher lamented that:

> The other issue is that of delayed refund and double deduction. If regulatory framework can be stiffened and made stronger than it is now in such a manner that any lending institution that recovers twice or deliberately fails to payback promptly, should do so at an interest.

Meanwhile, this whole seemingly confused situation, benefited the lenders who continued to use the client’s money with impunity before refunding it without interest. One can only imagine how much money these MFIs held for teachers and used for the whole country. So, there were suggestions from participants that stiffer penalties should be introduced to deal with erring MFI’s when they delayed to refund. The question was how do they effect a deduction without delay? They did not delay to start recovering their money. This was contrary Bacon’s theory which stated that, “lending is morally permissible, in so far as it gives rise to great public benefits, so long as it does not exploit the desperation of the needy or ignorant,” (Hannam, 2012).

5.6.3 Indebtedness

The suggestion that government should ban lenders from giving top-up loans was very much supported by many respondents with a mean score of 4.8 for those who strongly agreed and 1 for those who strongly disagreed. Top up loans put teachers in a loan vicious cycle where every space on the payslip becomes field up with a loan.

Increasing take home incomes from 40% to 60% was another suggestion which was strongly supported by respondents with a mean of score of 4.85 in favour as ‘strongly agree’ while only a mean score of 1 represented those who strongly disagreed. On average, across the non-management scales: F and G 40 percent of the gross ranges between K1800 for F, and about K2, 200 for H.

If one critically compared these figures to the monthly food basket for a family of five in Lusaka in the month of March which was at K5,500 as determined by (JCTR,2018) basic needs basket when this research was carried out, would easily come to a conclusion the 40 percent thresh hold was contributing to teacher indebtedness. It is from this background that the suggestion of increasing take home to 60 percent of the gross as opposed to the current 40 percent was arrived at by the researcher.

Summary

In this chapter, all the major study findings such as sources of teacher microfinance loans, opportunities teachers had from microfinance, challenges teachers faced from microfinance loans and their implications on teacher performance were discussed and the next chapter looks at conclusions and recommendations.

CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

6.1 Overview

In the previous chapter, the discussion of study findings on the sources of microfinance, opportunities and challenges teachers faced because of getting microfinance loans in Solwezi and Kasempa districts was the major focus. These were discussed according to the objectives and research questions of the Study. This chapter serves to make a conclusion of the dissertation and makes some recommendations and suggestions for future research. The study was explored with a focus on four objectives: to ascertain the sources of teacher microfinance loans in order to compare lending rates for their sustainability in achieving sustainable development, to identify the opportunities the teachers had from microfinance loans to determine how loans were utilised for sustainable development, to explore the challenges faced by teachers as a result of microfinance loans in order to establish their effects on teacher performance for sustainable development, and to suggest mitigation strategies to the challenges teachers faced from microfinance loans to achieve sustainable development. From the findings the researcher drew the following conclusions therefore:

6.2 Conclusion

***Sources of Microfinance for teachers*:** The study findings revealed that the major source of microfinance loans was formal microfinance such as Bayport, Izwe among others. In fact, teachers had loans with Bayport and Izwe followed by banks. Research further revealed that these sources charged high interest on their loans making their contribution to sustainable development negligible. However, the study findings established that banks and Public service microfinance had lower lending rates and were therefore a sustainable source of microfinance that could contribute to sustainable development if made available in time and on demand.

***Opportunities teachers had from Microfinance Loans*:** Research findings revealed the following as the main opportunities teachers had from microfinance loans: chance to own land or a home, buy a motor vehicle, upgrade their level of education, solve social problems, purchasing house hold goods and to invest into a business. However, it was discovered that not all opportunities could contribute to sustainable development because some were purely consumption such as solving social problems and purchasing of house hold goods and motor vehicles. Despite the varying opportunities that microfinance presented to teachers, the most notable ones were education which stood at 30.1 percent and land/home ownership which stood at 25.2 percent followed by business investment which stood at 15.2 percent. The researcher concluded that foregone stated opportunities had the potential to eradicate poverty and contribute to sustainable development. Meanwhile, the remainder of about 29.5 percent spent on consumption (solving social problems, car ownership and purchase of house hold goods) which they mistakenly thought were opportunities). The researcher felt that if teachers took up some insurance policies such as health and funeral (including extended family members), they would reduce on loan money they spent on solving social problems which stood at 14.1 percent which was quite a drain on their salaries. What was unfortunate was that as passionate as the reasons for spending loans on social problems would sound, they don't contribute to sustainable development.

Challenges faced by teachers from microfinance loans: Research findings indicated that teachers faced many challenges from microfinance loan ranging from: delayed refund after wrong deduction, high lending rates, lack of protection from unethical financial practices, reduced monthly income, personal hardships, and indebtedness among others. The challenge of indebtedness and high lending rates raised a particular concern to the researcher as they seemed to negate the small benefits that came from microfinance loans. Lending rates were very high for example from appendix E, if one borrowed K50, 000 in 60 months would pay back K161, 460! Such rates would surely raise doubts how microfinance could eradicate poverty and in turn contribute to sustainable development. From such evidence the, the researcher concluded that largely these microfinance entities are sustaining poverty among most teachers rather than alleviating it.

Mitigation Measures to challenges Faced by Teachers from Microfinance Loans: It was revealed by the research findings that the following would help mitigate the challenges teachers faced by obtaining microfinance loans: lowering interest rates, strictly enforcing regulatory framework against unethical financial lending practices, increasing take home from current 40% to 60%, enforcing the 40% thresh-hold on loans among others.

The theory of microfinance was disconfirmed as the results of this study had shown that: the lenders charged very high interest on loans which was contrary to the theory which advocated for low interest loans especially to women. The other contrast was that teachers were spending money on house hold goods, cars and solving social problems which constituted consumption instead of investing the loan so that it could eradicate poverty. The research findings did not consistently support the theory of Commodities and Discommodities of Usury which was against lenders exploiting borrowers by taking advantage of their desperation by charging interest rates beyond the recommended 9 percent retail lending by the theory. This study established that lenders charged high rates as high as 100 percent. The theory discouraged illegal money lending such as shylocks (Kaloba) but the findings of this study showed that though only a small percentage, teachers also borrowed money from illegal sources; the idea which was not supported by this theory. However, in the area of microfinance lending regulation, a notion echoed through-out the study by many scholars, was supported by the theory of Commodities and Discommodities of Usury, which stated that money lending was essential and should not be abolished, but that it should be regulated by the state and it further insisted that the conditions under which money bargains should be made, together with constant checking of the subsequent relationship that obtained between the lender and the borrower.

The researcher further concludes that the fears and concerns Yunus had when he introduced microfinance loans were slowly manifesting in modern commercialised, profit driven and portfolio growth motivated microfinance. Nicolas (2007, p.5) disclosed that, "when he (Yunus) met a basket weaver who explained to him how she was dependent on the money lender for purchase of materials, he realized that the largest part of her profits was going to the money lender and not to her, nor to her family." Unfortunately, there is an indication from the study findings that most teachers might be working more for the lenders than for themselves and their families.

6.3 Recommendations

(a) Government needs to fully recapitalise the Public Service Microfinance Company so that it can continue giving low interest loans that can reduce externalisation as most MFIs are foreign so as to foster sustainable development.

(b) The central bank should deal firmly with microfinance institutions that give loans to teachers with low net pay below the 40 percent thresh hold.

(c) MFI need to be compelled by law to provide financial literacy training to their clients before any loan contracts are signed.

(d) Government, through the Bank of Zambia, should give a specific period to MFI within which they should refund their clients in case of a wrong deduction.

(e) Government needs to consider decentralising Public Service Microfinance Company for easy accessibility especially to those in rural parts of the country.

(f) The 40 percent thresh hold should be revisited by government so that it is not the same across salary scales because for officers in lower salary scales such as G, F and lower, the 40 percent (between K1800 and K2200) actually makes them earn less than the cost of the food basket and could be considered as another contributor to teacher indebtedness as one would be indebted even with only one loan.

(g) To reduce the risk of losses, teachers should form co-operatives and employ experts to run their business investments or invest their loans in money markets where experts can grow it hustle free.

6.4 Suggestions for Possible Future Research

This study looked at the sources of microfinance loans, opportunities teachers had from them, challenges they faced and how they could be mitigated in in Solwezi and Kasempa districts. A recommendation is, therefore, made for a more robust study to be carried out which could cover all the 10 provinces of Zambia. Further research could be carried out to examine how much money is externalised by MFI from teacher loan deduction.

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APPENDICES

APPENDIX A: A CONSENT FORM

THE UNIVERSITY OF ZAMBIA

DIRECTORATE OF RESEARCH AND GRADUATE STUDIES

Telephone: +260 – 1 – 290258/Ext. 2208 PO Box 32379

+260 – 1 –293937 Lusaka, Zambia

E-mail drgs@unza.com

HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE

CONSENT FORM

Informed Consent Form for Teachers and Microfinance Service providers who we are inviting to participate in research titled: "Teachers and Microfinance Loans: Examining Sources, Opportunities for Sustainable Development in Solwezi and Kasempa-Zambia."

I am Munshi Hussein Jacob a Master's student at the University of Zambia, School of Education studying **Master of Education in Education and Development.**

This Informed Consent Form has two parts:

- **Information Sheet (to share information about the study with you)**
- **Certificate of Consent (for signatures if you choose to participate)**

- **You will be given a copy of the full Informed Consent Form**

Part I: Information Sheet

Introduction

I am conducting a research on Teachers and Microfinance Loans: Examining sources, Opportunities and Challenges for Sustainable Development. The study examines: sources of microfinance loans, opportunities teachers have and the challenges they face from microfinance loans in order to achieve sustainable development. I am inviting you to participate in research. You are free to talk to anyone you feel comfortable talking with about the research and you can take time to reflect on whether you want to participate or not. If you do not understand some of the words or concepts, I will take time to explain them as you go along and you can however still ask questions at any time.

Purpose of the research

Microfinance loans have become a hot topic among teachers and other civil servants of late, yet the opportunities and challenges teachers face from these loans and their contribution to sustainable development have not been clearly explored and understood. The knowledge that this research will generate might help teachers better utilise the opportunities these loans present and therefore contribute to their personal development and development of this country at large. Your participation will involve you taking part in a 30-minute interview with the researcher.

We are inviting you to take part in this interview because we feel that you have a vast experience in matters of loans can contribute much to our understanding and knowledge of what experiences teachers have from microfinance loans.

Voluntary Participation

Your participation in this research is entirely voluntary. It is your choice whether to participate or not. If you choose not to participate at all nothing will happen to you.

Procedures

You will participate in an interview with me (Munshi Jacob). During the interview; I will sit down with you in a comfortable place to you probably within the school. If it is better for you, the interview can take place in your home or a friend's home. If you do not wish to answer any of the questions during the interview, you may say so by asking me to skip and move on to the next question. No one else but me will be present unless you would like someone else to be there. The information recorded is confidential, and no one else except me and my supervisor Dr. Masaiti Gift will have access to the information documented during your interview. The entire interview will be tape-recorded, but no-one will be identified by name on the tape. The tape will be kept in my brief case which is lockable with combination key. The information recorded is confidential, and no one else except me and Dr. Masaiti Gift will have access to the flash containing recording of your interview. The recording will be destroyed after 40 weeks from today.

Risks

We are asking you to share with us some very personal and confidential information, and you may feel uncomfortable talking about some of the topics. You do not have to answer any question or take part in the interview/survey if you don't wish to do so, and that is also fine. You do not have to give us any reason for not responding to any question or for refusing to take part in the interview OR if for example, you feel that the discussion is on government policies and or community beliefs, you are free to refrain. There is a risk that you may share some personal or confidential information by chance, or that you may feel uncomfortable talking about some of the topics. However, we do not wish for this to happen. You do not have to answer any question or take part in the interview/survey if you feel the question(s) are too personal or if talking about them makes you uncomfortable or risk your life.

Benefits

There may be no direct benefit to you, but your participation is likely to help us find out more how to make microfinance loans more beneficial to teachers in general.

Reimbursements

Unfortunately, you will not be provided with any incentive to take part in the research.

Confidentiality

The research being done in the school may draw attention and if you participate you may be asked questions by other people in the within the school. We will not be sharing information about you to anyone outside of the two authorized people earlier mentioned i.e.me and my supervisor. The information that we collect from this research will be kept private. Any information about you will have a code instead of your name. Only the researchers will know what your number is and we will lock that information up with a lock and key. It will not be shared with or given to anyone except as stated earlier.

Sharing the Results

Nothing that you tell us today will be shared with anybody outside the research team, and nothing will be attributed to you by name. The knowledge that we get from this research will be shared with you and you're your school.

Right to Refuse or Withdraw

You do not have to take part in this research if you do not wish to do so, and choosing to participate will not affect your job or job-related evaluations in any way. You may stop participating in the interview/survey at any time that you wish without your job being affected. I will give you an opportunity at the end of the interview/survey to review your remarks, and you can ask to modify or remove portions of those, if you do not agree with my notes or if I did not understand you correctly.

Who to Contact

If you have any questions, you can ask them now or later. If you wish to ask questions later, you may contact any of the following: Munshi Hussein Jacob on: 0964887794/jabsmu@gmail.com This proposal has been reviewed and approved by the University of Zambia Ethics Committee, which is a committee whose task it is to make sure that research participants are protected from harm. If you wish to find about more about contact: +260 – 1 – 290258/Ext. 2208 P.O. Box 32379 Telephone: +260 – 1 – 293937 Lusaka, Zambia E-mail: drgs@unza.com

Part II: Certificate of Consent

I have been invited to participate in research about Teachers and Microfinance loans: examining sources, Challenges and Opportunities for Sustainable development.

I have read the foregoing information, or it has been read to me. I have had the opportunity to ask questions about it and any questions I have been asked have been answered to my satisfaction. I consent voluntarily to be a participant in this study

Print Name of Participant__________________
Signature of Participant __________________
Date ___________________________
Day/month/year

If illiterate [1]

I have witnessed the accurate reading of the consent form to the potential participant, and the individual has had the opportunity to ask questions. I confirm that the individual has given consent freely.

Print name of witness____________ Thumb print of participant

Signature of witness _____________

Date ________________________
Day/month/year

Statement by the researcher/person taking consent

I have accurately read out the information sheet to the potential participant, and to the best of my ability made sure that the participant understands.

I confirm that the participant was given an opportunity to ask questions about the study, and all the questions asked by the participant have been answered correctly and to the best of my ability. I confirm that the individual has not been coerced into giving consent, and the consent has been given freely and voluntarily.

A copy of this ICF has been provided to the participant.
Print Name of Researcher/person taking the consent________________________

Signature of Researcher /person taking the consent__________________________

Date ___________________________
Day/month/year

[1] A literate witness must sign (if possible, this person should be selected by the participant and should have no connection to the research team). Participants who are illiterate should include their thumb print as well.

Appendix B: QUETIONNAIRE FOR TEACHER RESPONDENTS

THE UNIVERSITY OF ZAMBIA

DIRECTORATE OF RESEARCH AND GRADUATE STUDIES

QUETIONNAIRE FOR TEACHER RESPONDENTS

I am Munshi Hussein Jacob a Master's student at the University of Zambia, School of Education studying **Master of Education in Education and Development.** I am conducting a research on Teachers and Microfinance Loans: Examining sources, Opportunities and Challenges for Sustainable Development. The study examines: sources of microfinance loans, opportunities teachers have and the challenges they face from microfinance loans in order to achieve sustainable development. I would like to assure you that you have been randomly selected to take part in this study voluntarily by means of this questionnaire. The questionnaire has five (5) sections; ***A***, ***B***, ***C, D*** and ***E***. Answer all questions that apply to you. You are requested to respond to all questions as truthfully as possible. Indicate your responses as instructed. It should take no longer than 15 minutes of your time. The information given will be considered confidential and used **only** for academic purposes. You reserve however, the right to accept or refuse to participate in this study. You may terminate your participation at any time without having to give an explanation. **Please do not indicate your name or contact details** on the questionnaire. Your identity as a participant will be kept anonymous in accordance with the provisions of the laws.

SECTION A: SOCIAL DEMOGRAPHIC CHARACTERISTICS

INSTRUCTIONS: Kindly tick [√] or indicate your desired response (s) in the spaces […] provided.

You are free to select more than one response as long as it applies to you.

1. Gender (i) Male [ ] (ii) Female [ ]
2. District: Solwezi [ ] Kasempa [ ].
3. Years of service (i) 1-5 [ ] (ii) 6-10 [ ] (iii) 11-15 [ ] (iv) 16-20 [ ] (v) above 20
4. Indicate your age: ……………………………………………
5. Indicate post held: (i) head teacher-pri[ ] (ii) head teacher-sec[ ] (iii) class teacher (iv) subject teacher[ ] HoD[ ] pre-sch. Teacher[ ]

6. What is your salary scale? (i) **E** [ ] (ii) **F** (iii) **G** [ ] (iv)(**H**) [ ] (v)(**I**) [ ] (vi) **J** [ ] (vii) **K** [ ]

What is your monthly income before loan deduction?

(i) K3500-4000 (ii) K4000-4500 (iii) K4500-5000 (iv) K5000-5500 (v) K5500-6000(vi) above K6000.

7. What is your current salary after loan(s) deduction?

(i)1500-2000 (ii) 2000-2500 (iii) 2500-3000 (iv) 3000-3500 (v) 3500-4000 (vi) Above K5000

8. Do you have a loan currently running? Yes [ ] No [ ]

SECTION B: SOURCES OF MICROFINANCE LOANS

9. What are your sources of microfinances loans? (i)Village Bank [ ] (ii) Formal microfinance (e.g., Bayport) [ ] (iii) Informal microfinance (eg,kaloba) [ ] (iv)Bank [ ] Other………… (Specify)

10. How would describe the lending rates from the different sources of your microfinance loans? On a scale of 1 to 5, where 1=strongly disagree (**SD**), 2=disagree (**D**), 3= neutral (**N**), 4=agree (**A**) and 5= strongly agree (**SA**). Choose your level of agreement on lending rates of sources of loans.

N/S	**LENDING RATES FOR MICROFINANCE LOANS**	**RANK ORDER**				
		SD	**D**	**N**	**A**	**SA**
11	Informal microfinance (kaloba and village bank) are higher than formal microfinance					
12	Formal Microfinance Institutions (e.g. Bayport) are high					
13	Lending rates are so high that teachers literally work for MFI					

14. Who introduced you to the above sources? (i) Friends [ ] (ii) [Advert] [ ]

15. Do you borrow from family or friends? (i) Yes [ ] (ii) No [ ]

16. How many loans do you have? (i) One [ ] (ii) more than one [ ]

17. How long is your current loan? (i) Below 12 months [ ] (ii) 12months [ ] (iii) 24months (iv) 36 and months and above [ ]

On a scale of 1 to 5, where 1=strongly disagree (**SD**), 2=disagree (**D**), 3= neutral (**N**), 4=agree (**A**) and 5= strongly agree (**SA**). Choose your level of agreement on lending rates of sources of loans.

N/S	**SUSTAINABILITY OF MICROFINANCE LOANS AS A SOURCE OF FINANCE FOR TEACHERS.**	**RANK ORDER**				
		SD	**D**	**N**	**A**	**SA**
18	Teachers were better off before the introduction of microfinance loans.					
19	Microfinance loans have increased access to finance for low income groups such as teacher and therefore have contributed to sustainable development.					
20	Microfinance is a sustainable source of finance for the low-income groups such as teachers.					
21	Microfinance in their current form can lead to sustainable development.					
22	Microfinance loans have increased poverty among teachers instead of eradicating it.					
23	Microfinance have made most teachers earn less monthly income and therefore spend time looking for money outside their job					

SECTION C: OPPORTUNITIES FROM MICROFINANCE LOANS

24**.** What opportunities have been opened up to you as a teacher as a result of borrowing from micro finance institutions?

(i) Business investment [ ] (ii) Upgrading the level of education [ ] (iii) Capital for house hold goods

[ ] (iv) Land/home ownership [ ] (v) car ownership (vii) solving social problems [ ]

(vii)Other …………………………………….. (Specify)

25. Do you think microfinance loans have created any opportunities for you as a teacher?

Yes [ ] No [ ]

26. On a scale of 1 to 5, where 1=strongly disagree (**SD**), 2=disagree (**D**), 3= neutral (**N**), 4=agree (**A**) and 5= strongly agree (**SA**).Choose your level of agreement on the opportunities offered to teachers by microfinance loans.

N/S	OPPORTUNITIES TEACHERS HAVE FROM MICROFINANCE LOANS	RANK ORDER				
		SD	**D**	**N**	**A**	**SA**
27	Opportunities offered by microfinance loans have led to Sustainable Development.					
28	Microfinance loans offer a few opportunities instead just increase consumption (activities that do not generate income).					
29	Microfinance loans have increased access to Finance for many teachers.					

SECTION D: CHALLENGES FACED BY TEACHERS FROM MICROFINANCE LOANS.

On a scale of 1 to 5, where 1=strongly disagree (**SD**), 2=disagree (**D**), 3= neutral (**N**), 4=agree (**A**) and 5= strongly agree (**SA**). Choose your level of agreement on the challenges faced by teachers from microfinance loans.

N/S	CHALLENGES FACED BY TEACHERS FROM MICROFINANCE LOANS	RANK ORDER				
		SD	**D**	**N**	**A**	**SA**

30	Indebtedness among teachers					
31	Increased poverty/destitution among teachers					
32	High lending rates					
33	Double deductions					
34	Lack of proper planning for loan utilisation					
35	Reduced monthly income					
36	Zero Net pay					
37	Fluctuations (upward-adjustment) in monthly deduction when inflation rises resulting in prolonged loan repayment period.					
38	Loan dependency syndrome					
39	Trapped in debt trap (borrowing to survive)					
40	Delayed refunds after double or wrong monthly deductions					
41	Loss of personal dignity due to over-borrowing					

On a scale of 1 to 5, where 1=strongly disagree (**SD**), 2=disagree (**D**), 3= neutral (**N**), 4=agree (**A**) and 5= strongly agree (**SA**). Choose your level of agreement on the effects of loans on teacher performance (both in class and outside class).

N/S	THE EFFECTS OF LOANS ON TEACHER PERFORMAMNCE	RANK ORDER				
		SD	**D**	**N**	**A**	**SA**
42	Loans have contributed to absenteeism among teachers with many loans.					
43	Teachers who have many loans don't attend to their classes regularly as they spend time looking for money outside the school.					
44	Pupils of teachers who have many loans don't perform better in terms of final exam results as compared to those with less or no loans.					
45	Teachers with many loans tend to take long in completing routine assignments in school as compared to their counterparts with less or no loans.					

46	Teachers with many loans are generally demotivated to work as compared to those with less or no loans.					

SECTION E: MITIGATING MEASURES TO THE CHALLENGES FACED BY TEACHERS FROM MICROFINCE

On a scale of 1 to 5, where 1=strongly disagree (**SD**), 2=disagree (**D**), 3= neutral (**N**), 4=agree (**A**) and 5= strongly agree (**SA**). Choose your level of agreement on the mitigation of challenges faced by teachers from microfinance loans.

N/S	MITIGATING MEASURES TO THE CHALLENGES FACED BY TEACHERS FOM MICROFINANCE	RANK ORDER				
		SD	D	N	A	SA
47	Lowering interest rates					
48	Regulating lending rates among lenders					
49	Providing financialal literacy training to teachers					
50	Increasing take home amount from current 40% to 60% after loan deduction					
51	Banning lenders from giving top up loans on existing loans.					
52	Provide entrepreneurship training to teaching staff					
53	Government should provide low interest loans to teachers.					
54	MFI should increase loan repayment period from current 60 months to 120 months so that monthly deduction become low.					

WE VALUE YOUR PARTICIPATION,

THANK YOU!!

Appendix C: INTERVIEW GUIDE FOR SENIOR MARKETING OFFICER FOR MFI

THE UNIVERSITY OF ZAMBIA

DIRECTORATE OF RESEARCH AND GRADUATE STUDIES

INTERVIEW GUIDE FOR SENIOR MARKETING OFFICER FOR MFI

I am Munshi Hussein Jacob; a Master's student at the University of Zambia, School of Education studying **Master of Education in Education and Development.** I am conducting a research on Teachers and Microfinance Loans: Examining sources, Opportunities and Challenges for Sustainable Development. The study examines: sources of microfinance loans, opportunities teachers have and the challenges they face from microfinance loans in order to achieve sustainable development. I would like to assure you that you have been purposively selected to take part in this study voluntarily by means of this interview. You are requested to respond to all questions as truthfully as possible. It should take no longer than 15 minutes of your time. The information given will be considered confidential and used **only** for academic purposes. You reserve however, the right to accept or refuse to participate in this study. You may terminate your participation at any time without having to give an explanation. **Please do not mention your name or contact details** at any time in the course of this interview. I further assure you that your identity as a participant will be kept anonymous in accordance with the provisions of the law on research ethics.

Interviewee's Details

Name of institution: …………………………………………………………………………

Gender: ……………………………………………………………………………………

Position held: ……………………………………………………………………………..

Questions

1. People have complained about your high lending rates, do you agree with this assertion?
2. There is a notion that microfinance loans have contributed to high poverty levels among teachers, what is your response to this accusation?
3. Do you believe that microfinance loans in their current form of high lending rate, can lead to sustainable development?

4. Would you consider offering entrepreneurship training among your clients in the future?
5. What is your position on the notion that your institution has largely contributed to high indebtedness among teachers in Zambia?
6. What do you think should be done to deal with some of the challenge’s teachers face from Microfinance loans?

Appendix D: INTERVIEW GUIDE FOR TEACHER RESPONDENTS

THE UNIVERSITY OF ZAMBIA

DIRECTORATE OF RESEARCH AND GRADUATE STUDIES

INTERVIEW GUIDE FOR TEACHER REPONDENTS

I am Munshi Hussein Jacob; a Master's student at the University of Zambia, School of Education studying **Master of Education in Education and Development.** I am conducting a research on Teachers and Microfinance Loans: Examining sources, Opportunities and Challenges for Sustainable Development. The study examines: sources of microfinance loans, opportunities teachers have and the challenges they face from microfinance loans in order to achieve sustainable development. I would like to assure you that you have been purposively selected to take part in this study voluntarily by means of this interview. You are requested to respond to all questions as truthfully as possible. It should take no longer than 15 minutes of your time. The information given will be considered confidential and used **only** for academic purposes. You reserve however, the right to accept or refuse to participate in this study. You may terminate your participation at any time without having to give an explanation. **Please do not mention your name or contact details** at any time in the course of this interview. I further assure you that your identity as a participant will be kept anonymous in accordance with the provisions of the law on research ethics.

Interviewee's Details

Name of institution: ……………………………………………………………………

Gender: ………………………………………………………………………………

Position held: ……………………………………………………………………………..

Questions

1. What is your source of loans?
2. Why did you choose the above source of MFL?
3. How do you compare the lending rates of the different sources of MFL?
4. Do you think MFI are a sustainable source of finance for teachers?

5. What are some of the opportunities do you think the MFL have opened for use as a teacher?
6. What do you think are the effects of microfinance loans on teacher performance?
7. What are some of the challenges you have faced from Microfinance loans?
8. How do you think the challenges faced by teachers from microfinance loans can be mitigated?

Appendix E: Lending rate Schedules from selected MFIs

PUBLIC SERVICE MICRO FINANCE COMPANY

SHORT TERM CASH SOLUTION

RECOVERY SCHEDULE

LOAN AMOUNTS (K)	RECOVERY PERIOD IN MONTHS/RECOVERY AMOUNT PER MONTH					
	1	2	3	4	5	6
1,000.00	1,100.00	550.00	366.67	275.00	220.00	183.33
1,100.00	1,210.00	605.00	403.33	302.50	242.00	201.67
1,200.00	1,320.00	660.00	440.00	330.00	264.00	220.00
1,300.00	1,430.00	715.00	476.67	357.50	286.00	238.33
1,400.00	1,540.00	770.00	513.33	385.00	308.00	256.67
1,500.00	1,650.00	825.00	550.00	412.50	330.00	275.00
1,600.00	1,760.00	880.00	586.67	440.00	352.00	293.33
1,700.00	1,870.00	935.00	623.33	467.50	374.00	311.67
1,800.00	1,980.00	990.00	660.00	495.00	396.00	330.00
1,900.00	2,090.00	1,045.00	696.67	522.50	418.00	348.33
2,000.00	2,200.00	1,100.00	733.33	550.00	440.00	366.67
2,100.00	2,310.00	1,155.00	770.00	577.50	462.00	385.00
2,200.00	2,420.00	1,210.00	806.67	605.00	484.00	403.33
2,300.00	2,530.00	1,265.00	843.33	632.50	506.00	421.67
2,400.00	2,640.00	1,320.00	880.00	660.00	528.00	440.00
2,500.00	2,750.00	1,375.00	916.67	687.50	550.00	458.33
2,600.00	2,860.00	1,430.00	953.33	715.00	572.00	476.67
2,700.00	2,970.00	1,485.00	990.00	742.50	594.00	495.00
2,800.00	3,080.00	1,540.00	1,026.67	770.00	616.00	513.33
2,900.00	3,190.00	1,595.00	1,063.33	797.50	638.00	531.67
3,000.00	3,300.00	1,650.00	1,100.00	825.00	660.00	550.00
3,100.00	3,410.00	1,705.00	1,136.67	852.50	682.00	568.33
3,200.00	3,520.00	1,760.00	1,173.33	880.00	704.00	586.67
3,300.00	3,630.00	1,815.00	1,210.00	907.50	726.00	605.00
3,400.00	3,740.00	1,870.00	1,246.67	935.00	748.00	623.33
3,500.00	3,850.00	1,925.00	1,283.33	962.50	770.00	641.67
3,600.00	3,960.00	1,980.00	1,320.00	990.00	792.00	660.00
3,700.00	4,070.00	2,035.00	1,356.67	1,017.50	814.00	678.33
3,800.00	4,180.00	2,090.00	1,393.33	1,045.00	836.00	696.67
3,900.00	4,290.00	2,145.00	1,430.00	1,072.50	858.00	715.00
4,000.00	4,400.00	2,200.00	1,466.67	1,100.00	880.00	733.33
4,100.00	4,510.00	2,255.00	1,503.33	1,127.50	902.00	751.67
4,200.00	4,620.00	2,310.00	1,540.00	1,155.00	924.00	770.00
4,300.00	4,730.00	2,365.00	1,576.67	1,182.50	946.00	788.33
4,400.00	4,840.00	2,420.00	1,613.33	1,210.00	968.00	806.67
4,500.00	4,950.00	2,475.00	1,650.00	1,237.50	990.00	825.00
4,600.00	5,060.00	2,530.00	1,686.67	1,265.00	1,012.00	843.33
4,700.00	5,170.00	2,585.00	1,723.33	1,292.50	1,034.00	861.67
4,800.00	5,280.00	2,640.00	1,760.00	1,320.00	1,056.00	880.00
4,900.00	5,390.00	2,695.00	1,796.67	1,347.50	1,078.00	898.33
5,000.00	5,500.00	2,750.00	1,833.33	1,375.00	1,100.00	916.67
5,100.00	5,610.00	2,805.00	1,870.00	1,402.50	1,122.00	935.00
5,200.00	5,720.00	2,860.00	1,906.67	1,430.00	1,144.00	953.33
5,300.00	5,830.00	2,915.00	1,943.33	1,457.50	1,166.00	971.67
5,400.00	5,940.00	2,970.00	1,980.00	1,485.00	1,188.00	990.00
5,500.00	6,050.00	3,025.00	2,016.67	1,512.50	1,210.00	1,008.33
5,600.00	6,160.00	3,080.00	2,053.33	1,540.00	1,232.00	1,026.67
5,700.00	6,270.00	3,135.00	2,090.00	1,567.50	1,254.00	1,045.00
5,800.00	6,380.00	3,190.00	2,126.67	1,595.00	1,276.00	1,063.33
5,900.00	6,490.00	3,245.00	2,163.33	1,622.50	1,298.00	1,081.67
6,000.00	6,600.00	3,300.00	2,200.00	1,650.00	1,320.00	1,100.00
6,100.00	6,710.00	3,355.00	2,236.67	1,677.50	1,342.00	1,118.33
6,200.00	6,820.00	3,410.00	2,273.33	1,705.00	1,364.00	1,136.67
6,300.00	6,930.00	3,465.00	2,310.00	1,732.50	1,386.00	1,155.00
6,400.00	7,040.00	3,520.00	2,346.67	1,760.00	1,408.00	1,173.33
6,500.00	7,150.00	3,575.00	2,383.33	1,787.50	1,430.00	1,191.67
6,600.00	7,260.00	3,630.00	2,420.00	1,815.00	1,452.00	1,210.00
6,700.00	7,370.00	3,685.00	2,456.67	1,842.50	1,474.00	1,228.33
6,800.00	7,480.00	3,740.00	2,493.33	1,870.00	1,496.00	1,246.67
6,900.00	7,590.00	3,795.00	2,530.00	1,897.50	1,518.00	1,265.00
7,000.00	7,700.00	3,850.00	2,566.67	1,925.00	1,540.00	1,283.33
7,100.00	7,810.00	3,905.00	2,603.33	1,952.50	1,562.00	1,301.67
7,200.00	7,920.00	3,960.00	2,640.00	1,980.00	1,584.00	1,320.00
7,300.00	8,030.00	4,015.00	2,676.67	2,007.50	1,606.00	1,338.33
7,400.00	8,140.00	4,070.00	2,713.33	2,035.00	1,628.00	1,356.67
7,500.00	8,250.00	4,125.00	2,750.00	2,062.50	1,650.00	1,375.00
7,600.00	8,360.00	4,180.00	2,786.67	2,090.00	1,672.00	1,393.33
7,700.00	8,470.00	4,235.00	2,823.33	2,117.50	1,694.00	1,411.67
7,800.00	8,580.00	4,290.00	2,860.00	2,145.00	1,716.00	1,430.00
7,900.00	8,690.00	4,345.00	2,896.67	2,172.50	1,738.00	1,448.33
8,000.00	8,800.00	4,400.00	2,933.33	2,200.00	1,760.00	1,466.67

LOAN AMOUNTS (K)	RECOVERY PERIOD IN MONTHS/RECOVERY AMOUNT PER MONTH					
	1	2	3	4	5	6
8,100.00	8,910.00	4,455.00	2,970.00	2,227.50	1,782.00	1,485.00
8,200.00	9,020.00	4,510.00	3,006.67	2,255.00	1,804.00	1,503.33
8,300.00	9,130.00	4,565.00	3,043.33	2,282.50	1,826.00	1,521.67
8,400.00	9,240.00	4,620.00	3,080.00	2,310.00	1,848.00	1,540.00
8,500.00	9,350.00	4,675.00	3,116.67	2,337.50	1,870.00	1,558.33
8,600.00	9,460.00	4,730.00	3,153.33	2,365.00	1,892.00	1,576.67
8,700.00	9,570.00	4,785.00	3,190.00	2,392.50	1,914.00	1,595.00
8,800.00	9,680.00	4,840.00	3,226.67	2,420.00	1,936.00	1,613.33
8,900.00	9,790.00	4,895.00	3,263.33	2,447.50	1,958.00	1,631.67
9,000.00	9,900.00	4,950.00	3,300.00	2,475.00	1,980.00	1,650.00
9,100.00	10,010.00	5,005.00	3,336.67	2,502.50	2,002.00	1,668.33
9,200.00	10,120.00	5,060.00	3,373.33	2,530.00	2,024.00	1,686.67
9,300.00	10,230.00	5,115.00	3,410.00	2,557.50	2,046.00	1,705.00
9,400.00	10,340.00	5,170.00	3,446.67	2,585.00	2,068.00	1,723.33
9,500.00	10,450.00	5,225.00	3,483.33	2,612.50	2,090.00	1,741.67
9,600.00	10,560.00	5,280.00	3,520.00	2,640.00	2,112.00	1,760.00
9,700.00	10,670.00	5,335.00	3,556.67	2,667.50	2,134.00	1,778.33
9,800.00	10,780.00	5,390.00	3,593.33	2,695.00	2,156.00	1,796.67
9,900.00	10,890.00	5,445.00	3,630.00	2,722.50	2,178.00	1,815.00
10,000.00	11,000.00	5,500.00	3,666.67	2,750.00	2,200.00	1,833.33
10,100.00	11,110.00	5,555.00	3,703.33	2,777.50	2,222.00	1,851.67
10,200.00	11,220.00	5,610.00	3,740.00	2,805.00	2,244.00	1,870.00
10,300.00	11,330.00	5,665.00	3,776.67	2,832.50	2,266.00	1,888.33
10,400.00	11,440.00	5,720.00	3,813.33	2,860.00	2,288.00	1,906.67
10,500.00	11,550.00	5,775.00	3,850.00	2,887.50	2,310.00	1,925.00
10,600.00	11,660.00	5,830.00	3,886.67	2,915.00	2,332.00	1,943.33
10,700.00	11,770.00	5,885.00	3,923.33	2,942.50	2,354.00	1,961.67
10,800.00	11,880.00	5,940.00	3,960.00	2,970.00	2,376.00	1,980.00
10,900.00	11,990.00	5,995.00	3,996.67	2,997.50	2,398.00	1,998.33
11,000.00	12,100.00	6,050.00	4,033.33	3,025.00	2,420.00	2,016.67
11,100.00	12,210.00	6,105.00	4,070.00	3,052.50	2,442.00	2,035.00
11,200.00	12,320.00	6,160.00	4,106.67	3,080.00	2,464.00	2,053.33
11,300.00	12,430.00	6,215.00	4,143.33	3,107.50	2,486.00	2,071.67
11,400.00	12,540.00	6,270.00	4,180.00	3,135.00	2,508.00	2,090.00
11,500.00	12,650.00	6,325.00	4,216.67	3,162.50	2,530.00	2,108.33
11,600.00	12,760.00	6,380.00	4,253.33	3,190.00	2,552.00	2,126.67
11,700.00	12,870.00	6,435.00	4,290.00	3,217.50	2,574.00	2,145.00
11,800.00	12,980.00	6,490.00	4,326.67	3,245.00	2,596.00	2,163.33
11,900.00	13,090.00	6,545.00	4,363.33	3,272.50	2,618.00	2,181.67
12,000.00	13,200.00	6,600.00	4,400.00	3,300.00	2,640.00	2,200.00
12,100.00	13,310.00	6,655.00	4,436.67	3,327.50	2,662.00	2,218.33
12,200.00	13,420.00	6,710.00	4,473.33	3,355.00	2,684.00	2,236.67
12,300.00	13,530.00	6,765.00	4,510.00	3,382.50	2,706.00	2,255.00
12,400.00	13,640.00	6,820.00	4,546.67	3,410.00	2,728.00	2,273.33
12,500.00	13,750.00	6,875.00	4,583.33	3,437.50	2,750.00	2,291.67
12,600.00	13,860.00	6,930.00	4,620.00	3,465.00	2,772.00	2,310.00
12,700.00	13,970.00	6,985.00	4,656.67	3,492.50	2,794.00	2,328.33
12,800.00	14,080.00	7,040.00	4,693.33	3,520.00	2,816.00	2,346.67
12,900.00	14,190.00	7,095.00	4,730.00	3,547.50	2,838.00	2,365.00
13,000.00	14,300.00	7,150.00	4,766.67	3,575.00	2,860.00	2,383.33
13,100.00	14,410.00	7,205.00	4,803.33	3,602.50	2,882.00	2,401.67
13,200.00	14,520.00	7,260.00	4,840.00	3,630.00	2,904.00	2,420.00
13,300.00	14,630.00	7,315.00	4,876.67	3,657.50	2,926.00	2,438.33
13,400.00	14,740.00	7,370.00	4,913.33	3,685.00	2,948.00	2,456.67
13,500.00	14,850.00	7,425.00	4,950.00	3,712.50	2,970.00	2,475.00
13,600.00	14,960.00	7,480.00	4,986.67	3,740.00	2,992.00	2,493.33
13,700.00	15,070.00	7,535.00	5,023.33	3,767.50	3,014.00	2,511.67
13,800.00	15,180.00	7,590.00	5,060.00	3,795.00	3,036.00	2,530.00
13,900.00	15,290.00	7,645.00	5,096.67	3,822.50	3,058.00	2,548.33
14,000.00	15,400.00	7,700.00	5,133.33	3,850.00	3,080.00	2,566.67
14,100.00	15,510.00	7,755.00	5,170.00	3,877.50	3,102.00	2,585.00
14,200.00	15,620.00	7,810.00	5,206.67	3,905.00	3,124.00	2,603.33
14,300.00	15,730.00	7,865.00	5,243.33	3,932.50	3,146.00	2,621.67
14,400.00	15,840.00	7,920.00	5,280.00	3,960.00	3,168.00	2,640.00
14,500.00	15,950.00	7,975.00	5,316.67	3,987.50	3,190.00	2,658.33
14,600.00	16,060.00	8,030.00	5,353.33	4,015.00	3,212.00	2,676.67
14,700.00	16,170.00	8,085.00	5,390.00	4,042.50	3,234.00	2,695.00
14,800.00	16,280.00	8,140.00	5,426.67	4,070.00	3,256.00	2,713.33
14,900.00	16,390.00	8,195.00	5,463.33	4,097.50	3,278.00	2,731.67
15,000.00	16,500.00	8,250.00	5,500.00	4,125.00	3,300.00	2,750.00

Loan Repayment schedule

I TO LOAN APPLICATION AND AGREEMENT – LOAN PRICING AND PAYMENT SCHEDULE – GOVERNMENT EMPLOYEES
arch 2018

RATE, INSURANCE & FEE PRICING

Loan Term (Months) / No. of Monthly Payments	3	6	9	12	18	24	36	48	60
* Interest Rate Per Annum	44.6%	44.6%	44.6%	44.6%	44.6%	44.6%	44.6%	44.6%	44.6%
** Arrangement Fee (% of Loan Principal Amount)	2.86%	3.02%	3.18%	3.34%	3.69%	4.06%	4.86%	5.73%	6.67%
***Credit Reference Bureau Search Fee (ZMW)	30	30	30	30	30	30	30	30	30
Insurance Premium (% of Loan Principal Amount)	2.22%	1.17%	0.82%	0.65%	0.48%	0.39%	0.31%	0.28%	0.26%

oan Terms, Interest Rate Pricing, Insurance Premium and Fees may be varied by the Credit Provider from time to time depending on changes in market owever, any such pricing variations WILL NOT apply to or affect Loans that have already been issued and existing.

pproval of the Loan Application by the Credit Provider and on execution of the Loan Agreement, Interest will be calculated on a daily basis over the Actual od of Lending and NOT per the Loan Term(s) shown above. The Actual Period of Lending is the period in days between the date of Loan issuance and of payment of the final instalment. Where the Actual Period of Lending exceeds the Loan Term, Interest will be calculated for the difference in days rvening" or "interim period") and added to the Total Amount Payable by the Borrower over the term of the Loan. The Excess Days or Interim Period in a case is the "Broken Period" between the date of Loan issuance and the commencement date of the first Interest Period of the Loan. The Actual Period nding will be disclosed on Part A of the executed Loan Agreement.

Arrangement Fee is calculated on the Loan Principal Amount and is deducted from the Loan proceeds to be disbursed to the Borrower.

Credit Reference Bureau search fee is calculated on the Loan Principal Amount and is deducted from the Loan proceeds to be disbursed to the Borrower.

Credit Life Insurance Premium is applied where the Borrower elects to obtain Credit Life Insurance cover through the Credit Provider. The monthly premium percentage (%) of Loan term will vary where the Actual Period of lending exceeds the Loan Term. Whilst the pricing table expresses the monthly credit emium as a percentage (%) of the Loan Principal Amount, the Part A of the executed Loan Agreement discloses the monthly Insurance Premium amount, mprised in the Monthly Instalment, in Zambian Kwacha and further expresses the premium as a percentage of the monthly Loan instalments excluding surance Premium, being 6.19%.

ENT SCHEDULE

	Indicative Loan Monthly Instalment (Excluding Interim Period Interest but including Monthly Credit Life Insurance Premiums)								
oan Term (Months) / No. of Monthly Payments	3	6	9	12	18	24	36	48	60
2,500	951	502	352	278	205	169	135	119	111
5,000	1,903	1,003	705	556	410	338	270	239	222
7,500	2,854	1,505	1,057	835	615	507	405	358	333
10,000	3,806	2,007	1,410	1,113	819	676	539	477	444
12,500	4,757	2,509	1,762	1,391	1,024	845	674	597	555
15,000	5,709	3,010	2,114	1,669	1,229	1,014	809	716	666
17,500	6,660	3,512	2,467	1,947	1,434	1,183	944	835	777
20,000	7,611	4,014	2,819	2,225	1,639	1,352	1,079	954	888
22,500	8,563	4,515	3,172	2,504	1,844	1,521	1,214	1,074	999
25,000	9,514	5,017	3,524	2,782	2,048	1,690	1,349	1,139	1,110
27,500	10,466	5,519	3,876	3,060	2,253	1,859	1,484	1,312	1,221
30,000	11,417	6,020	4,229	3,338	2,458	2,028	1,618	1,432	1,332
35,000	13,320	7,024	4,933	3,894	2,868	2,367	1,888	1,670	1,554
40,000	15,223	8,027	5,638	4,451	3,277	2,705	2,158	1,909	1,776
45,000	17,126	9,031	6,343	5,007	3,687	3,043	2,428	2,147	1,998
50,000	19,029	10,034	7,048	5,564	4,097	3,381	2,697	2,386	2,221
60,000	22,834	12,041	8,457	6,676	4,916	4,057	3,237	2,863	2,665
70,000	26,640	14,048	9,867	7,789	5,736	4,733	3,776	3,340	3,109
80,000	30,446	16,054	11,276	8,902	6,555	5,409	4,316	3,818	3,553
100,000	38,057	20,068	14,096	11,127	8,194	6,761	5,935	4,772	4,441
125,000	47,571	25,085	17,619	13,909	10,242	8,452	6,744	5,965	5,551
150,000	57,086	30,102	21,143	16,691	12,291	10,142	8,092	7,158	6,662

an Principal and Monthly Instalment amounts shown in the Payment Schedule above is for pricing illustration purposes only and is not exhaustive of the incipal Amounts and Payment Terms available to the Borrower.

AN PRODUCT SELECTION

n Loan Principal Amount ZMW): ______ Preferred Maximum Loan Term (Months): ______

S DECLARATION - I acknowledge that I have read through the Loan Pricing and Payment Schedule Addendum and agree to the Interest Rate, Fee Pricing and the Terms and Conditions contained herein as well as the additional Terms and Conditions contained in page 2 of this lso agree to the Loan Amount and Loan Term that Bayport approves and executes should I not qualify for my preference that I indicated in ct selection section above.

Borrower Name: ______

Date: ______

[Page 1 of 2]

Loan Repayment Schedule from Public Service Microfinance

LOAN AMOUNTS	RECOVERY PERIOD IN MONTHS					
	6	12	24	36	48	60
1,000.00	171.56	85.61	43.87	29.97	23.03	18.87
2,000.00	343.12	171.21	87.74	59.94	46.06	37.74
3,000.00	514.68	256.82	131.61	89.91	69.09	56.61
4,000.00	686.24	342.43	175.48	119.88	92.12	75.48
5,000.00	857.80	428.04	219.35	149.85	115.15	94.35
6,000.00	1,029.36	513.65	263.22	179.82	138.18	113.22
7,000.00	1,200.92	599.26	307.09	209.79	161.21	132.09
8,000.00	1,372.48	684.87	350.96	239.76	184.24	150.96
9,000.00	1,544.04	770.48	394.83	269.73	207.27	169.83
10,000.00	1,715.60	856.09	438.70	299.70	230.30	188.70
11,000.00	1,887.16	941.70	482.57	329.67	253.33	207.57
12,000.00	2,058.72	1,027.31	526.44	359.64	276.36	226.44
13,000.00	2,230.28	1,112.92	570.31	389.61	299.39	245.31
14,000.00	2,401.84	1,198.53	614.18	419.58	322.42	264.18
15,000.00	2,573.40	1,284.14	658.05	449.55	345.45	283.05
16,000.00	2,744.96	1,369.75	701.92	479.52	368.48	301.92
17,000.00	2,916.52	1,455.36	745.79	509.49	391.51	320.79
18,000.00	3,088.08	1,540.97	789.66	539.46	414.54	339.66
19,000.00	3,259.64	1,626.58	833.53	569.43	437.57	358.53
20,000.00	3,431.20	1,712.19	877.40	599.40	460.60	377.40
21,000.00	3,602.76	1,797.80	921.27	629.37	483.63	396.27
22,000.00	3,774.32	1,883.41	965.14	659.34	506.66	415.14
23,000.00	3,945.88	1,969.02	1,009.01	689.31	529.69	434.01
24,000.00	4,117.44	2,054.63	1,052.88	719.28	552.72	452.88
25,000.00	4,289.00	2,140.24	1,096.75	749.25	575.75	471.75
26,000.00	4,460.56	2,225.85	1,140.62	779.22	598.78	490.62
27,000.00	4,632.12	2,311.46	1,184.49	809.19	621.81	509.49
28,000.00	4,803.68	2,397.07	1,228.36	839.16	644.84	528.36
29,000.00	4,975.24	2,482.68	1,272.23	869.13	667.87	547.23
30,000.00	5,146.80	2,568.29	1,316.10	899.10	690.90	566.10
31,000.00	5,318.36	2,653.90	1,359.97	929.07	713.93	584.97
32,000.00	5,489.92	2,739.51	1,403.84	959.04	736.96	603.84
33,000.00	5,661.48	2,825.12	1,447.71	989.01	759.99	622.71
34,000.00	5,833.04	2,910.73	1,491.58	1,018.98	783.02	641.58
35,000.00	6,004.60	2,996.34	1,535.45	1,048.95	806.05	660.45
36,000.00	6,176.16	3,081.95	1,579.32	1,078.92	829.08	679.32
37,000.00	6,347.72	3,167.56	1,623.19	1,108.89	852.11	698.19
38,000.00	6,519.28	3,253.17	1,667.06	1,138.86	875.14	717.06
39,000.00	6,690.84	3,338.78	1,710.93	1,168.83	898.17	735.93
40,000.00	6,862.40	3,424.39	1,754.80	1,198.80	921.20	754.80
41,000.00	7,033.96	3,510.00	1,798.67	1,228.77	944.23	773.67
42,000.00	7,205.52	3,595.61	1,842.54	1,258.74	967.26	792.54
43,000.00	7,377.08	3,681.22	1,886.41	1,288.71	990.29	811.41
44,000.00	7,548.64	3,766.83	1,930.28	1,318.68	1,013.32	830.28
45,000.00	7,720.20	3,852.44	1,974.15	1,348.65	1,036.35	849.15
46,000.00	7,891.76	3,938.05	2,018.02	1,378.62	1,059.38	868.02
47,000.00	8,063.32	4,023.66	2,061.89	1,408.59	1,082.41	886.8
48,000.00	8,234.88	4,109.27	2,105.76	1,438.56	1,105.44	905.7
49,000.00	8,406.44	4,194.88	2,149.63	1,468.53	1,128.47	924.6
50,000.00	8,578.00	4,280.49	2,193.50	1,498.50	1,151.50	943.5

	1 MONTH	3 MONTHS	6 MONTHS	9 MONTHS	12 MONTHS	18 MONTHS	24 MONTHS	30 MONTHS	36 MONTHS	60 MONTHS
1,000.00	1,103.00	389.00	211.00	153.00	124.00	92.00	77.00	68.00	62.00	53.00
2,000.00	2,205.00	778.00	422.00	305.00	248.00	185.00	154.00	136.00	125.00	105.00
3,000.00	3,386.00	1,193.00	648.00	468.00	380.00	283.00	236.00	209.00	191.00	161.00
4,000.00	4,515.00	1,591.00	864.00	624.00	506.00	377.00	314.00	278.00	255.00	215.00
5,000.00	5,644.00	1,989.00	1,080.00	780.00	633.00	471.00	393.00	348.00	319.00	269.00
6,000.00	6,772.00	2,387.00	1,296.00	936.00	759.00	566.00	471.00	417.00	383.00	323.00
7,000.00	7,901.00	2,785.00	1,512.00	1,092.00	886.00	660.00	550.00	487.00	447.00	377.00
8,000.00	9,030.00	3,183.00	1,727.00	1,248.00	1,013.00	754.00	629.00	556.00	510.00	431.00
9,000.00	10,159.00	3,580.00	1,943.00	1,404.00	1,139.00	848.00	707.00	626.00	574.00	484.00
10,000.00	11,287.00	3,978.00	2,159.00	1,560.00	1,266.00	943.00	786.00	695.00	638.00	538.00
11,000.00	12,416.00	4,376.00	2,375.00	1,716.00	1,392.00	1,037.00	864.00	765.00	702.00	592.00
12,000.00	13,545.00	4,774.00	2,591.00	1,872.00	1,519.00	1,131.00	943.00	834.00	765.00	646.00
13,000.00	14,673.00	5,172.00	2,807.00	2,028.00	1,646.00	1,225.00	1,021.00	904.00	829.00	700.00
14,000.00	15,802.00	5,569.00	3,023.00	2,184.00	1,772.00	1,320.00	1,100.00	973.00	893.00	753.00
15,000.00	16,931.00	5,967.00	3,239.00	2,340.00	1,899.00	1,414.00	1,179.00	1,043.00	957.00	807.00
16,000.00	18,060.00	6,365.00	3,455.00	2,496.00	2,025.00	1,508.00	1,257.00	1,112.00	1,021.00	861.00
17,000.00	19,188.00	6,763.00	3,671.00	2,652.00	2,152.00	1,602.00	1,336.00	1,182.00	1,084.00	915.00
18,000.00	20,317.00	7,161.00	3,887.00	2,808.00	2,278.00	1,697.00	1,414.00	1,251.00	1,148.00	969.00
19,000.00	21,446.00	7,558.00	4,103.00	2,964.00	2,405.00	1,791.00	1,493.00	1,321.00	1,212.00	1,023.00
20,000.00	22,574.00	7,956.00	4,319.00	3,120.00	2,532.00	1,885.00	1,571.00	1,391.00	1,276.00	1,076.00
21,000.00	23,703.00	8,354.00	4,535.00	3,276.00	2,658.00	1,979.00	1,650.00	1,460.00	1,340.00	1,130.00
22,000.00	24,832.00	8,752.00	4,751.00	3,432.00	2,785.00	2,074.00	1,729.00	1,530.00	1,403.00	1,184.00
23,000.00	25,961.00	9,150.00	4,967.00	3,588.00	2,911.00	2,168.00	1,807.00	1,599.00	1,467.00	1,238.00
24,000.00	27,089.00	9,548.00	5,182.00	3,744.00	3,038.00	2,262.00	1,886.00	1,669.00	1,531.00	1,292.00
25,000.00	28,218.00	9,945.00	5,398.00	3,900.00	3,165.00	2,353.00	1,964.00	1,738.00	1,595.00	1,345.00
26,000.00	29,347.00	10,343.00	5,614.00	4,056.00	3,291.00	2,451.00	2,043.00	1,808.00	1658.00	1,399.00
27,000.00	30,476.00	10,741.00	5,830.00	4,212.00	3,418.00	2,545.00	2,121.00	1,877.00	1,722.00	1,453.00
28,000.00	31,604.00	11,139.00	6,046.00	4,368.00	3,544.00	2,639.00	2,200.00	1,947.00	1,786.00	1,507.00
29,000.00	32,733.00	11,537.00	6,262.00	4,524.00	3,671.00	2,733.00	2,279.00	2,016.00	1,850.00	1,561.00
30,000.00	33,862.00	11,934.00	6,478.00	4,680.00	3,797.00	2,828.00	2,357.00	2,086.00	1,914.00	1,615.00
31,000.00	34,990.00	12,332.00	6,694.00	4,836.00	3,924.00	2,922.00	2,436.00	2,155.00	1,977.00	1,668.00
32,000.00	36,119.00	12,730.00	6,910.00	4,992.00	4,051.00	3,016.00	2,514.00	2,225.00	2,041.00	1,722.00
33,000.00	37,248.00	13,128.00	7,126.00	5,148.00	4,177.00	3,110.00	2,593.00	2,294.00	2,105.00	1,776.00
34,000.00	38,377.00	13,526.00	7,342.00	5,304.00	4,304.00	3,205.00	2,671.00	2,364.00	3,169.00	1,830.00
35,000.00	39,505.00	13,923.00	7,558.00	5,460.00	4,430.00	3,299.00	2,750.00	2,433.00	2,233.00	1,884.00
36,000.00	40,634.00	14,321.00	7,774.00	5,616.00	4,557.00	3,393.00	2,829.00	2,503.00	2,296.00	1,937.00
37,000.00	41,763.00	14,719.00	7,990.00	5,772.00	4,684.00	3,487.00	2,907.00	2,572.00	2,360.00	1,991.00
38,000.00	42,892.00	15,117.00	8,206.00	5,928.00	4,810.00	3,582.00	2,986.00	2,642.00	2,424.00	2,045.00
39,000.00	44,020.00	15,515.00	8,422.00	6,084.00	4,937.00	3,676.00	3,064.00	2,712.00	2,488.00	2,099.00
40,000.00	45,149.00	15,913.00	8,637.00	6,240.00	5,063.00	3,770.00	3,143.00	2,781.00	2,551.00	2,153.00
41,000.00	46,278.00	16,310.00	8,853.00	6,396.00	5,190.00	3,865.00	3,221.00	2,851.00	2,615.00	2,207.00
42,000.00	47,406.00	16,708.00	9,069.00	6,552.00	5,316.00	3,959.00	3,300.00	2,920.00	2,679.00	2,260.00
43,000.00	48,535.00	17,106.00	9,285.00	6,708.00	5,443.00	4,053.00	3,379.00	2,990.00	2,743.00	2,314.00
44,000.00	49,664.00	17,504.00	9,501.00	6,864.00	5,570.00	4,147.00	3,457.00	3,059.00	2,807.00	2,368.00
45,000.00	50,793.00	17,902.00	9,717.00	7,020.00	5,696.00	4,242.00	3,536.00	3,129.00	2,870.00	2,422.00
46,000.00	51,921.00	18,299.00	9,933.00	7,176.00	5,823.00	4,336.00	3,614.00	3,198.00	2,934.00	2,476.00
47,000.00	53,050.00	18,697.00	10,149.00	7,332.00	5,949.00	4,430.00	3,693.00	3,268.00	2,998.00	2,529.00
48,000.00	54,179.00	19,095.00	10,365.00	7,488.00	6,076.00	4,524.00	3,771.00	3,337.00	3,062.00	2,583.00
49,000.00	55,308.00	19,493.00	10,581.00	7,644.00	6,203.00	4,619.00	3,850.00	3,407.00	3,126.00	2,637.00
50,000.00	56,436.00	19,891.00	10,797.00	7,800.00	6,329.00	4,713.00	3,929.00	3,476.00	3,189.00	2,691.00

OTHER FEES:

ARRANGEMENT FEES : 5% OF LOAN AMOUNT UPFRONT

CRB: K50 PAID UPFRONT

***NOTE: This schedule is for illustration purposes ONLY**
There might be slight variation on the system generation repayment schedule

Appendix F: Permission Letter

THE UNIVERSITY OF ZAMBIA
SCHOOL OF EDUCATION

Telephone: 291381
Telegram: UNZA, LUSAKA
Telex: UNZALU ZA 44370

PO Box 32379
Lusaka, Zambia
Fax: +260-1-292702

Date 31 JAN 2019

TO WHOM IT MAY CONCERN

Dear Sir/Madam

RE: FIELD WORK FOR MASTERS/ PhD STUDENTS

The bearer of this letter Mr./~~Ms~~. MUNSHI HUSSEIN JACOB Computer number 2016145340 is a duly registered student at the University of Zambia, School of Education.

He/She is taking a Masters/PhD programme in Education. The programme has a fieldwork component which he/she has to complete.

We shall greatly appreciate if the necessary assistance is rendered to him/~~her/~~.

Yours faithfully

THE UNIVERSITY OF ZAMBIA
ASSISTANT DEAN (PG)
31 JAN 2019
SCHOOL OF EDUCATION
P.O. BOX 32379, LUSAKA

Emmy Mbozi (Dr)
ASSISTANT DEAN POSTGRADUATE STUDIES- SCHOOL OF EDUCATION

cc: Dean-Education
Director-DRGS

APPENDIX G: Ethical Clearance Letter

HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE

Approval of Study

28th September, 2018

REF. No. HSSREC: 2018-MAY-005

The Principal Investigator

Dear Munshi Hussein Jacob,

RE: "TEACHERS AND MICROFINANCE LOANS: EXAMINING SOURCES, OPPORTUNITIES AND CHALLENGES FOR SUSTAINABLE DEVELOPMENT IN KASEMPA AND SOLWEZI DISTRICTS OF ZAMBIA."

Reference is made to your submission. The University Of Zambia Humanities And Social Sciences Research Ethics Committee IRB resolved to approve this study and your participation as Principal Investigator for a period of one year.

Review Type	**Expedited/Ordinary Review**	Approval No. **2018-MAY-005**
Approval and Expiry Date	Approval Date: 24th September, 2018	Expiry Date: 23rd September, 2019
Protocol Version and Date	Version-Nil	-
Information Sheet, Consent Forms and Dates	• English.	To be provided
Consent form ID and Date	Version	To be provided
Recruitment Materials	Nil	Nil

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There are specific conditions that will apply to this approval. As Principal Investigator it is your responsibility to ensure that the contents of this letter are adhered to. If these are not adhered to, the approval may be suspended. Should the study be suspended, study sponsors and other regulatory authorities will be informed.

Conditions of Approval

- Provide information sheets and consent letters as these were not attached. The information sheets should have had the essential features included. Please use the WHO templates which you could download at www.who.int/rpc/research_ethics/informed_consent/en/). REC would appreciate if the PI could customise the WHO templates and include the domains of what the submitted protocol is positing on tools and the sampling units (people who have been or shall be participating in this study.
- No participant may be involved in any study procedure prior to the study approval or after the expiration date.
- All unanticipated or Serious Adverse Events (SAEs) must be reported to the IRB within 5 days.
- All protocol modifications must be IRB approved by an application for an amendment prior to implementation unless they are intended to reduce risk (but must still be reported for approval). Modifications will include any change of investigator/s or site address or methodology and methods. Many modifications entail minimal risk adjustments to a protocol and/or consent form and can be made on an Expedited basis (via the IRB Chair). Some examples are: format changes, correcting spelling errors, adding key personnel, minor changes to questionnaires, recruiting and changes, and so forth. Other, more substantive changes, especially those that may alter the risk-benefit ratio, may require Full Board review and approval. In all cases, except where noted above regarding subject safety, any changes to any protocol document or procedure must first be approved by the IRB before they can be implemented.
- All protocol deviations must be reported to the IRB within 5 working days.
- All recruitment materials must be approved by the IRB prior to being used.
- Principal investigators are responsible for initiating Continuing Review proceedings. Documents must be received by the IRB at least 30 days before the expiry date. This is for the purpose of facilitating the review process. Any documents received less than 30 days before expiry will be labelled "late submissions" and will incur a penalty.
- Every 6 (six) months a progress report form supplied by The University of Zambia Humanities And Social Sciences Research Ethics Committee IRB must be filled in and submitted to us. There is a penalty of K500.00 for failure to submit the report.
- The University Of Zambia Humanities And Social Sciences Research Ethics Committee IRB does not "stamp" approval letters, consent forms or study documents unless requested for in writing. This is because the approval letter clearly indicates the documents approved by the IRB as well as other elements and conditions of approval.

Should you have any questions regarding anything indicated in this letter, please do not hesitate to get in touch with us at the above indicated address.

On behalf of The University of Zambia Humanities and Social Sciences Research Ethics Committee IRB, we would like to wish you all the success as you carry out your study.

Yours faithfully,

Dr. Jason Mwanza
BA, MSoc, Sc., PhD
CHAIRPERSON
The University Of Zambia Humanities and Social Sciences Research Ethics Committee IRB

Cc Director, Directorate of Research and Graduate Studies
Assistant Director – Research, Directorate of Research and Graduate Studies
Vice Chairperson, Humanities and Social Sciences Research Ethics Committee
Assistant Registrar- Research, Directorate of Research and Graduate Studies
Senior Administrative Officer – Research Affiliation, Directorate of Research and Graduate Studies

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