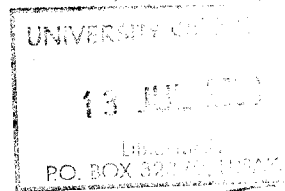


**EVALUATION OF COMMUNICATION STRATEGIES USED
BY MICRO FINANCE ORGANISATIONS: A CASE STUDY OF
MICRO BANKERS TRUST IN LUSAKA**



By

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THE UNIVERSITY OF ZAMBIA

LUSAKA

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DECLARATION

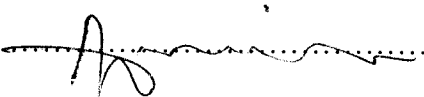
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FOREWORD

This research looks at communication about the small loan schemes provided by micro finance organizations to entrepreneurs. The research gives a case study of a non-government organization called Micro Bankers Trust, which is situated in Roma Township Lusaka Zambia.

The focus is to evaluate the communication strategies used by Micro Bankers Trust with its clients. In the research document, the first chapter gives an overview of Zambia, the historical background, traditional setting and economic transformation.

The second chapter gives the survey background outlining the loan scheme and a general view of the innovation of micro financing. The same chapter also gives the problem statement, rationale, and objectives of the research.

In the third chapter, the researcher explains the methodology used in the research. A detailed outline of what approach was taken in carrying out the research questions, research methods, sampling procedure, data gathering and data analysis.

Chapter four, of the research document gives a conceptual and theoretical framework. This chapter covers conceptualisation and operationalisation; it gives definitions of the concepts of theories, presentation of the main theories and how they apply to the study.

In chapter five, the researcher gives a literature review of the subject of the research. It reveals the past research work and findings in the area of Micro Finance in the world at large, Africa, Zambia and in Lusaka. The literature review further, gives an insight of information dissemination, groups, social change and social marketing.

DEDICATION

I dedicate the report to my husband Luciano Stanslus Muhone, my two sons Madaliso and Bupe, my mother Abigail Chimfwembe Chileshe, my sisters, brothers, cousins, nieces and nephews who inspired me during my study. The report is equally dedicated to my late father Laban Dixon Chileshe for his wise words “Determination and Commitment to Education is the only way to achieve excellence and do away with the dependency syndrome.”

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LIST OF ABBREVIATIONS

BRI	-	Bank Rural Institution
CIF	-	Client Information File
CSO	-	Central Statistics office
DVD	-	Disc Video Display
FA	-	Financial Association
FINDECO	-	Financial Development Economical Corporation
HIV	-	Human Immunodeficiency Virus.
IMF	-	International Monetary Fund
INDECO	-	Industrial Development Corporation
Ind	-	Individual Loans
Irriga	-	Irrigation Loans
MBT	-	Micro Bankers Trust
MCDSS	-	Ministry of Community Development and Social Services
MCTI	-	Ministry of Commerce Trade and Industry
MPR	-	Micro Programme
MSMEs	-	Micro Small and Medium Scale Enterprises
NIEC	-	National Industrial & Economic Corporation
OVC	-	Orphans and Vulnerable Children
PRSP	-	Poverty Reduction Strategy Paper
SPSS	-	Statistical Package of Social Sciences
SOE	-	State Owned Enterprises
UNDP	-	United Nations Development Plan
VBC	-	Village Bank Concept

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EXECUTIVE SUMMARY

Demographic Characteristics of the Population

- The population is in the urban set up faced with high economic demands for survival by means of generating an income through self-employment.
- Distribution of the population by location shows that the vulnerable population resides in high-density areas with 78.3%. This population is mostly in the informal sector and are the cliental of the MBT. The majority of MBT clients are women.
- The highest percent (73.4%) of the population in business has never worked before. This group is affected when most of the breadwinners especially (husbands) are retrenched or die. Circumstance forces women to start business as a means to provide for the families. The age group that is mostly in business is above 36 years with, 62.5% of the women recorded.

The type of business

- The type of business mostly engaged in is trading, 77% of the population revealed that they were small traders. Women are mostly marketeers in their local markets, others sell vegetables door-to-door or at their doorstep. Grocery is also the most common trade that women engage in, they run shops in their local markets and others ntembas at their doorstep. Ntemba is a local term referred to small structure in form of shop or market table used as selling points, situated usually along the streets within the neighbourhood.

Capital used to start business

- People in business do not usually start it with their own capital, 74% of the population revealed that they did not use their own money for starting their business. Capital is sourced from family members, relatives, friends or lending institutions. Arrangement for capital sourced from family members or relatives is mostly on grants or gifts. Capital sourced from lending institutions is on loan basis.

Knowledge about Micro Finance Institutions

- A 100 percent of the population have knowledge of the existence of Micro Finance Institutions. Most of the people came to know about micro finance institutions through friends and relatives. A few learnt about the existence of micro finance institutions in the media. More knowledge is gained about the operations of micro finance institutions when individuals apply for loans and attend meetings organised by these lending institutions.

Accessibility to MBT

- Limited to a small populations that reside in a few catchment areas.

Training

- Training is offered to all new applicants on simple business skills so that they are able to use the capital wisely, make profit and pay back the loan. The education background of the target population is low. Most of them are below high school level. The training pack that MBT offers is designed in a simple form to suit the target. It conducts the training in a common local languages used in the community.

Impact of the training

- Impact of training is high as many of the targets do not have any prior professional background at the initial stage. Although their understanding of the training is different, they are able to apply the knowledge in their business. Knowledge acquired from training is very useful in managing business this is confirmed by 73% of the population. A population of 16% find the training to be useful while 9.2 find training to be slightly useful. Only 2% revealed that the training is not useful.

Sustainability of the family

- Families have been able to sustain their families using the income generated from the businesses. A sample of 78% revealed that their businesses help them to

provide basic needs for the families. They are able to feed their families at least three meals a day, have decent cloths, pay school fees and medical requirements.

Advantages of Micro Bankers Trust

- Advantages of MBT according to the research, it has good loan conditions such as long period of paying back which allows the client to pay back slowly and in small amounts. The interest rate is small and the clients find it to be manageable. Communication with the MBT officers is very good, because they have constant meetings with its clientele and where issues are discussed and settled.

Disadvantages of Micro Bankers Trust

- However, disadvantages of MBT were also noted such as the loans that are given out are small and fixed. The period of paying back the loan is long and this becomes a burden for long. Amounts put aside for each client as savings are small, not much is raised or accrued at the end.

Recommendations

- Recommendations were that MBT should increase the amount given out as loans from K200.000 to K1, 000.000 per individual client. Others recommended that loans should not be fixed; but MBT should be considering the amounts that are applied for by individual clients. A few clients recommended that the duration for paying back the loans should be shortened to six months instead of one year.

CHAPTER 1

OVERVIEW ON ZAMBIA

1.0 INTRODUCTION

Zambia, at the time of writing is a developing country. It is located in southern part of Africa and has a population of 10,992,538 people according to Central Statistics Office, (2004) pg10. It is a landlocked country with eight neighbouring countries namely, Angola, Botswana, Democratic Republic of Congo, Malawi, Mozambique, Namibia, Tanzania, and Zimbabwe. Administratively, Zambia is divided into nine provinces namely Northern, Eastern, Southern, Western, Lusaka, Central, Luapula and North-Western. Lusaka province is amongst the three provinces with the highest population with 1,533,789, Copperbelt 1,662,757 and Eastern 1,440,604. The provinces are divided into districts, which total up to fifty-seven districts.

1.1 COLONIAL ERA

Historically, Zambia went through a phase of being colonized in the hands of the British Empire, which ruled the country under the name of Northern Rhodesia. During this phase there was drastic social change, the country transformed from the primitive or traditional African way of life to modernization in western way mode. The British being the change agents brought with them innovations that they diffused in the Africans.

Social Change according to Wikipedia, the free encyclopaedia (2007), refers to acts of advocacy for the cause of changing society in a positive way. It is used as a general term for advocating for change in social behaviour or the social relations of a society, community of people or other social structures (ibid). Social change may be slow and gradual, fast and radical, wide or limited in scope (ibid). Among

many forms of creating social change are theatre for social change, direct action, protesting, advocacy, community organisation, community practice, revolution and political activism (ibid). In this situation the advocate's colonial masters perceived Africa to be primitive and needed to change to what they analysed as civilized society. The change was positive to them; it suited their agenda of making Africa habitable in terms of their standard of living. To them Africa was a dark continent, the culture was barbaric, education and employment system was backward. Since the agenda was to come and live in Africa it was important to change it so that they fit in well.

1.2 LIVELIHOOD IN TRADITION SETTING

Traditionally, Africans worked on the land within the family set up. The economy was based on peasant farming where people had endowment, as they owned land, depended on their produce for consumption and trade, hence had entitlement. "Entitlement is the command that people can exert over goods, in two ways, by using their own resource in direct production and / or using them to buy and sell on the market." (Social Security in Developing Countries, A.H.M.Leliveld 1991). There was access to the source of income, which was land arrangements were done by elders. It was a concern for the elders to ensure that even the up-coming families acquired a piece of land and produced enough to sustain their families. Both nuclear and extended families were intact; everyone had concern for the members and even the friends to the members. There were ethical norms, which compelled people to care for the whole society even the residual groups such as the orphans, aged and disabled.

The coming of modernization changed the market economy; it shifted more to selling labour in exchange for employment. An economist, named Amartya K. Sen, elaborates on the characteristics of markets "as markets spread through and transforms rural areas, so individuals come increasingly to depend on the workings of the markets for survival, by selling goods or their own labour to buy

food.” (Deprivation and Public Need By Marc Wuyts: 21). Africans changed their attitude of self-employment to being employed for a wage in form of salary. People moved from their land to urban areas where there were modern jobs.

In urban areas Africans changed their way of life, became civilized as they adopted the western culture and looked down upon those who remained in the rural areas. Slowly this attitude penetrated to the African population making them change society by calling family members including extended families leave the rural areas and take up the western way of life.

At first the men moved to urban areas left their wives and children in rural areas. Once the men were settled, their families joined them and with time they extended their invitation to extended family members. The modern jobs were mostly, labourer, for those who were a bit educated they became teachers and helpers in churches, hospitals and other service jobs.

When they visited their villages in rural areas, they looked smart; spoke highly of townships in urban areas gave out gifts and invited others to join them. More and more people got attracted to the western way of life and moved to urban areas.

1.3 MARKET ECONOMY SHIFT

Market economy in urban areas was a western set up; it had organisations, companies and government departments offering employment in exchange of salaries. Unlike in rural areas the market economy was that of working on your own land or family land to earn a living. The rural community was able to trade using barter system as they exchanged goods instead of money. In urban areas the population adopted the western market economy which penetrated to the rural areas. The barter system slowly phased out giving way to the money economy, people worked for a salary. Owning land for the Africans was no longer

important, rather having a good job with good salary to enable one buy goods was more important.

1.4 FIRST AND SECOND REPUBLIC

In 1964, Zambia became independent under the leadership of Kenneth David Kaunda who continued with the modern way of life. Kaunda inherited the copper economy from the colonial government as the President. According to the Wikipedia, the economy was completely under the control of foreigners. Kaunda made the British South Africa Company to assign its mineral rights to the incoming Zambia. He made it a nationalized economy 1968, ensuring that there was central control of the economic activities. Through two national development plans, Kaunda created national companies for investment and manufacturing such as National Industrial & Economic Corporation (NIEC), Industrial Development Corporation (INDECO), and Financial Development Economic Corporation (FINDECO).

There was no free market, Kaunda put in control measures for trade and industry. Prices were controlled. Goods coming in and going out were seriously checked. According to Kenneth “A major switch in the structure of Zambia’s economy came with the Mulungushi Reform of April 1968; the government declared its intention to acquire an equity holding (usually 51% or more) in a number of key foreign-owned firms, to be controlled by the Industrial Development Corporation (INDECO)

1.5 EMPLOYMENT AND URBANISATION

Formal employment was the way of life and most of the jobs were in urban areas where the majority of the rural population migrated leaving their endowment in rural areas to work in formal sector. Employment was readily available for different skills and professions. Kaunda had established companies in all the nine

provinces although concentration was in the provincial capitals. Those graduating from secondary schools, colleges and university would immediately find jobs. Most of them took up white collar jobs and settled in these new set ups. There was a big change from simple village life to town-sophisticated life and from peasant farming to office work.

People communicated about the good modern life in urban areas, how it was easy to get jobs and settle without difficulty. Their channel of communication with the rural community was usually the use of interpersonal communication. Those who visited their relatives in town took good messages about the modern life in the cities. Songs were even composed to express the good life in the cities. The response to these messages was high as evidenced by the increase of urbanization.

1.6 ECONOMIC REFORMS

After independence Zambia continued to have a sound economy, in the mining sector, there were enough jobs and the wages could meet the needs of the workers. However, in 1980's the economy was failing, with the drop in the copper prices, Zambia had economic problems it had accumulated a lot of debts and had to make changes in its approach. Kaunda accepted the International Monetary Fund (IMF) which had conditions of restructuring the economy. The measures included ending of price controls, devaluation of the Kwacha (Zambian currency), cut down on government expenditure, cancellation of subsidies on food and fertilizer, and increase in prices for farm produce. But later in 1987, Kaunda realized that this affected the Zambians and changed to a new economic reform programme, which was to partially privatize the parastatals.

1.7 POLITICAL LIBERALIZATION

In 1991, Zambia changed from a one party state to a multi party democratic state under the leadership of the second, Republican President Fredrick Titus Chiluba. During Chiluba's rule Zambia also went through economic liberalization, the new leadership discarded the policy of nationalization and took the path of privatization. The government privatized many state industries, and maintained positive real interest rates. Exchange controls were eliminated and free market principle endorsed. The selling of companies to private owners meant that Zambians who were employed by these companies would lose employment. Privatization brought in capitalist ideas, the new owners mostly foreigners employed very few, leaving a lot of Zambians on the streets. (Wikipedia) It also made the formal sector undergo structural adjustment.

1.8 EFFECTS OF PRIVATIZATION AND STRUCTURAL ADJUSTMENT

The national, owned companies were sold off and the formal sector reduced its workforce to a manageable size according to the company or organisation ability. Zambians took the hard economic path of fetching for means outside the formal sector. The effects of privatisation and structural adjustment led to the expansion of the informal sector where those who lost formal employment could fall for their livelihood. This was a big social change for most of the Zambians who were used to a monthly salary from their employers. People had to adjust to the new conditions of creating jobs for themselves and be able to employ where possible.

Most of those laid off started their own businesses, though on a small scale. The changes were too drastic for people to adjust to the new life. They had no knowledge of running companies and also the packages they received, as benefits were too small to venture into big businesses. This left mushrooming of vendors, professional influx, less production high dependency on imported goods, foreigners buying the companies and high levels of poverty.

Government institutions and other companies, which were not yet privatized, also went through structural adjustment, the workforce reduced further and more Zambians joined the informal sector. The Zambian learnt the new culture of individualism, owning businesses, having two or more sources of income and focusing on capital accumulation.

Socially, the structural adjustment, affected a lot of families, many could not continue providing the financial support to their families. The extended family system was being replaced with the nuclear system because without fixed income they could not afford to support big families. The structural adjustment brought more social problems such as divorces, school dropouts, street children, increased crime, prostitution, and child abuse.

The free social services that were provided during Kaunda's rule were scraped off and a new system was introduced that of cost sharing. People had to change from free social services such as education and health to paying part of the cost of the service. The high poverty levels, forced people to seek assistance from the welfare systems. Most of the Zambians lost their pride of being the breadwinners and accepted to be considered as vulnerable in order to register for welfare support.

CHAPTER 2

SURVEY BACKGROUND

2.0 MICRO FINANCE BACKGROUND

In 2001, Zambia had a new President Levy Patrick Mwanawasa who was in power at the time of writing. The economy continued to fall; the President adopted the same policies of privatisation and structural adjustment. There was more encouragement for the informal sector and for the small entrepreneurs to create jobs for the large unemployed population. Provisions for loans to help out those to start or expand their businesses in the informal sector increased. Non-governmental organisations (NGO) to cater for the vulnerable but viable group in society were established and Micro Bankers Trust is one of the organisations providing micro finance services.

Micro finance is a new field; world wide it came into play in 1970 and replaced the old idea of providing financial services by donors or governments in form of subsidies. The subsidies were mainly rural credit programmes aimed at providing credit to the poor. These subsidies became inefficient and ineffective in their operations. The programme had problems in loan recoveries such that it had high loan defaulters and high loses. It also had an inability to reach poor rural households. (Robinson, 2001)

According to Robinson (2001) in 1980s Banks such as Grameen and BRI began to provide small loans and savings services profitably on a large scale. They received no continuing subsidies and were commercially funded. They became fully sustainable as an organisation. The organisation could attain wide outreach to clients.

The micro finance proves to be better than the subsidies to rural credit programmes. In its approach, according to Robinson (2001), it “insisted on repayment, on charging interest rates that covered the cost of credit delivery and by focusing on clients who were dependent on the informal sector for credit.”

2.1 MICRO BANKERS TRUST

In Zambia, government, non-governmental organizations, and churches provide micro finance services. Micro Bankers Trust the case study of the research is one such organization involved in micro finance activities. The organization was established in 1996, to respond to the demand for financial assistance by the informal sector, which was growing rapidly in Zambia.

Micro Bankers Trust is a non-governmental organization and also a non-bank financial institution. It operates on grants and loans from the government of Zambia and other donors. The settler of the Trust is the Ministry of Community Development and Social Services. A Board of Trustees oversees it and a Chief Executive Officer carries out the day-to-day management.

The Trust has expanded to 8 provinces in Zambia and has clients in 25 districts. It provides financial and non-financial services. Micro Bankers Trust has reached out to over 16,000 members since inception, over 6,000 are active borrowers. 70% of the borrowers are women. Over 10,000 loans have been disbursed.

Financial provisions include agricultural loans such as -

- Dairy
- Irrigation equipment
- Farm power mechanization equipment
- Seed loans diary

The financial loans also cover Cash or Business Loans and Savings Promotion, which is the “Village Bank Concept” (VBC).

Non-financial services consist of training mainly in methodology credit management, entrepreneurship and demand driven-financial management topics. Other non-financial services are advisory and counselling in credit management and entrepreneurship activities.

The Micro Bankers Trust also has a partnership role with registered co-operatives under Ministry of Agriculture. It trains farmers, provides funds, monitors, collect repayments, links co-operatives to markets and provides vet extension services.

2.2 PROBLEM STATEMENT

Communication strategies used by organizations managing micro finance loan scheme, if properly organized and implemented, would improve the formal sector. These organisations are there to provide loans to help those in small businesses with capital to manage their businesses. However, the loan schemes have not been efficient and effective in providing the services to its clientele.

Many people in the informal sector are unable to expand their businesses due to lack of extra capital. Business is mostly run on little capital, which they start with and remain static. In some cases businesses go bankrupt and the owners are unable to find capital due to lack of knowledge about the loan schemes. Others may know about the providers of the loan scheme but have no access to these loans.

The loan scheme is economical and developmental to both the individual and the nation. With the structural adjustment, Zambia has experienced an expansion in the informal sector. The demand for these loans is very high and capacity of the providers is not enough.

People may have the knowledge to manage business and the market for the merchandise but fail to stay or start a business all because of lack of capital. The

communication strategies adopted in reaching out to the targets need to be evaluated.

The research evaluates the communication strategies used to reach the beneficiaries by organisations providing loan schemes to entrepreneurs, a case study of Micro Bankers Trust. The targets for the research are the borrowers and those who intend to borrow for entrepreneurship.

2.3 RATIONALE

The rationale of the research is to contribute to the body of knowledge on micro finance services for the informal sector. Research findings will help in the poverty reduction and improve family income. The research will also help to come up with effective communication strategies for dissemination of micro finance information. The findings will form the basis for other researchers in this area to carry out other researches. Micro Bankers Trust will use the research findings to improve its operations in service delivery.

2.4 OBJECTIVES

- I. Analyse the knowledge of the people about micro finance loan scheme in the catchment areas
- II. Examine levels of participation by the beneficiaries;
- III. Evaluate the strategies used by micro finance organisation, in light of communication theories
- IV. Analyse accessibility of the micro finance loan scheme to the beneficiaries; and,
- V. Make recommendations on micro finance loan scheme under Micro Bankers Trust

CHAPTER 3

METHODOLOGY

3.0 RESEARCH QUESTIONS

- i. What knowledge does the public have about micro finance?
- ii. How accessible is the micro finance programme under Micro Bankers Trust?
- iii. What are the communications strategies used by Micro Bankers Trust?
- iv. How do the strategies of Micro Bankers Trust fit in the suggested theories of communication?
- v. What are the recommendations for effective communication in MBT?

3.1 RESEARCH METHODS

The researcher used the triangulation approach by using three of the following research methods:-

- i. Quantitative survey used non-experimental research, using research questions in form of a questionnaire.
- ii. Focus Group Discussion on research topic used a list of 10 questions.
- iii. In-depth interview based on research topic used a list of 10 questions.

3.2 SAMPLING PROCEDURE

- i. In quantitative survey a sample size of 120 was drawn using non-probability sampling. The purposive sampling method was used to select beneficiaries in the Lusaka district of Micro Bankers Trust.

- ii. Group Discussion- a convenience sampling method was used to select a sample size of 10. The 10 respondents were randomly picked from the total population of the workers and beneficiaries.
- iii. In-depth interview the researcher used quota-sampling method to pick a sample size of 5 in order to conduct detailed interviews with each participant. The quota sample was selected from the formed groups in the community and the staff managing these groups. Leaders of the groups were selected for the quota sample.

3.3 DATA GATHERING

Questionnaires consisting of 27 questions were administered to each individual picked in the sample. Personal interviews were conducted on each selected individual. The researcher used both open and closed ended questions. Some of the closed ended were in form of summated scale or likert scale.

For the focus group discussion, the moderator to guide the discussion used a list of 10 questions on the research topic. This was face-to-face discussion.

In-depth interview, the researcher had detailed interviews with five people with special knowledge of micro finance. Each of the five participants were interviewed one at a time. The same question guide for focus group discussion was used in the in-depth interview.

3.4 DATA ANALYSIS

Qualitative and quantitative method of data analysis was used. The analysis was based on the Statistical Package of Social Sciences (SPSS) in data analysis. The researcher analysed data by use of tables, frequencies, percentages, graphs and other data summarising tools.

CHAPTER 4

CONCEPTUAL & THEORETICAL FRAMEWORK

4.0 CONCEPTUAL AND OPERATIONAL DEFINATIONS

The study used the following conceptual definitions and operational definitions: -

- 1) **Diffusion** according to Rodgers (1973, p78) “Is a subset of communication in which the message is a new idea. The essence of the diffusion process is the human interaction by which one person communicates a new idea to one or several other persons.” The researcher examined the levels of awareness by finding out through questions on how much the respondents recall about the programme. Positive response was an indication that the diffusion of micro finance programme took place. A positive response according to marketing dictionary Barron’s (2000) is “Characterized by or displaying certainty, acceptance, or affirmation.”

- 2) **Knowledge** is defined according to the Dictionary Information (2007) “The act or state knowing clear perception of fact, truth, or duty, certain apprehension, familiar cognisance, cognition.” Knowledge was used to measure how much information the target audience had on micro finance before and after they became beneficiaries. The concept of knowledge was measured to examine the levels of understanding that the public had on Micro Bankers Trust. Attitudes were also measured under the concept of knowledge so as to find out whether the knowledge gained from micro finance scheme had changed the attitude of the recipients. The research further examined the behavioural change using the concept of knowledge.

- 3) **Access** is defined according to the free Dictionary (2007) “A means of approaching, entering, exiting, communicating with or making use of.” Access concept was used to measure the availability of micro finance services to the target audience. The researcher examined how the public is able to reach micro finance services provided by Micro Bankers Trust. The positive response to the questions available information on the micro finance scheme was an indication that there was easy access to the services.
- 4) **Impacts** according to the Dictionary MSM “have effect on something or somebody to have immediate and strong effect on something or somebody.” The concept was used to measure the effects that micro finance had on the beneficiaries. Questions were used to measure how micro the finance programme is fairing; has it improved the standard of living for the beneficiaries or not.
- 5) **Persuasion** according to Wikipedia, the free encyclopaedia “Is a form of influence. It is the process of guiding people toward the adoption of an idea, attitude, or action by rational and symbolic (though not always logical) means. It is strategy of problem solving relying on ‘appeals’ rather than force.” The researcher used the concept of persuasion to measure people’s react to the messages on micro finance are the messages able to change the recipients behaviour.

4.1 THEORIES

4.1.1 Diffusion Theory

Diffusion theory was used to explain how the community adapted to the idea of micro financing from the initial to implementation stage. People react differently to change; with the loss of formal employment to being self-employed could be a

difficult phase to cope with. The researcher examined Micro Bankers Trust's communication strategy used in the process of diffusion.

Communication strategy according to Rodgers E. (1973 p 28) is defined as “a plan or degree for changing human behaviour on a large-scale basis through the transfer of new ideas. The purpose or intent of any communication event is to change the behaviour of the receivers. A strategy is thus implied in every communicative act. The source always wishes to alter the knowledge, attitudes, or overt behaviour of the receiver.” Every organisation has a communication strategy which maps out ways of how to operate, win clients and stay in business. The communication strategy has organisation guidelines set to protect the organisation and promote the business. The organisations are the sources of new ideas or products aimed to sell to clients who are the receivers. Programmes offered to clients are planned with a view of impacting their ideas into clients in order to change their perception of the product being offered and their conditions, so that they are accepted. The mode of communication differs, using small or mass media, one or more clients may be changed these further spreads the information which will change more and more people to accept the product and join the clientele of that organisation.

4.1.2 Interpersonal Communication Theory

Interpersonal Communication according to (Ibid p 48) “Involve a face-to-face exchange between a source and a receiver.” Messages about micro finance services provided by Micro Bankers Trust are sent through different tools of communication. The interpersonal communication theory is used in delivering messages about the loan services, how to access the loans, conditions for payment and loan transaction. People interact as they receive these messages; share their understanding, fears, acceptance and experiences about micro finance. The interaction may influence peoples' perception of the organisation providing micro finance services.

Communication is defined according to the Wikipedia Encyclopaedia (2007) as “The process that allows beings -in particular human to exchange information by one of several methods. Communication requires that some kinds of symbols from a kind of language are exchanged. There are auditory means, such as speaking or singing, and nonverbal, physical means, such as body language, and paralanguage, touch or eye contact.” For any organisation to carry out its function there must be communication. This is in different context depending on the levels at which the communication is being disseminated. In this research the context is at the community level, how the communication strategy is implemented by the organisation.

In communication, different channels are used to transmit messages, channel according to (Ibid p.48) “Is the means by which a message travels from a source to a receiver. It deals with the physical transmission of the message, the path followed by a message between the source and the receiver.” Opinion leaders may be used to transmit the messages to people in the community. These are given adequate information about the programme to on ward deliver to others. Messages are interpreted into the language that is understood by the audience. It is important to be clear and precise in translating the language so that everybody gets the correct message and understanding. Group dynamics influences communication in micro finance it is used to help individuals to learn from others about the benefits of the programme.

4.1.3 Agenda Setting Theory

Agenda setting theory according to Wikipedia, the free encyclopaedia (2007) “Is a theory that the mass-news media have a large influence on audiences by their choice of what stories to consider newsworthy and how much prominence and space to give them.” In this research two functions of agenda setting theory are

analysed in relation to the Micro Bankers Trust communication strategies on information dissemination.

The two functions are public agenda and corporate agenda. Public Agenda are the issues discussed by the source or sender and how personally relevant the issues are to the members of the public. Micro Bankers Trust has a corporate agenda as an organisation to provide loans according to policies and guidelines of the organisation.

4.1.4 Economic Theories

Loan Fund Theory helped in the analysis of micro finance operations in the provision of loans to the target audience. The theory looked at the money that is made available for loans to entrepreneurs who are managing or intend to manage their own business. (Gunning, J. Patrick 1998). Loan is defined according to the Investment Dictionary, (2007) “When a lender gives money or property to a borrower and the borrower agrees to return the property or repay the borrowed money, along with interest, at a predetermined date in the future.” The type of loans in this research is the small loans, which are provided by the micro finance institutions. Micro finance according to Otero (1999, p8) is defined as “The provision of financial services to low-income poor and very poor self-employed people.”

The aim of providing loans is to empower the poor in society so that they are able to raise an income for themselves and their families. In the long run the loan becomes a source of sustainable livelihood. Income is defined according to the Investor words Com. (2007) “For individuals’ money earned through employment and investments.” Loans are accessed at different levels; those in employment may get loans from their organisations, banks, and other lending institutions. The conditions may be with high interest, collateral and big amounts of money. The terms of paying back may be long or short, either for months or years. Transaction

is done with the borrower through the employer and the lending organisation. Monthly deductions are usually fixed on the borrowers' salary until the loan is cleared with interest.

Informal employees also access loans at different levels, those earning high income from their investments get loans from banks and other lending institutions. They are recognised by high lending financial institutions because they have the ability to use their investments or property as collateral. They are able to make arrangements with the lender and comply with their conditions.

In the informal sector there is the income generating group working hard to earn an income through small businesses. They are vulnerable but viable, without sound investments, collateral or capacity to pay back loans. These can not access loans from lending financial institutions such as banks. The micro finance institutions have a package for this group as their offer is designed to suit them in terms of collateral, interest; amounts borrowed and paying back. Transaction of the loans is done with these clients at their local communities.

Empowerment is defined according to the free encyclopaedia (2007) "In the economic development, the empowerment approach focuses on mobilizing the self-help efforts of the poor, rather than providing them with social welfare. Economic empowerment is also the empowering of previously disadvantaged sections of the population, for example, in many previously colonized African countries." The vision is that once people are empowered, the poverty levels will reduce many families will be able to provide the basic needs for their families.

Instead of maintaining poor people who are in a position to generate an income on welfare support it is best to give them financial support to try business ventures. Poverty according to the Investment Dictionary, (2000) is "Relative measure within a society, being the state of having income and /or wealth so low as to be unable to maintain what is considered a minimum standard of living."

CHAPTER 5

LITERATURE REVIEW

5.0 MICRO FINANCE

The sources for literature review are internet, Micro Bankers Trust and book. Micro finance is a programme aimed at alleviating poverty; it provides financial services to the minority groups in society. These are the low-income, self-employed and those without any income but with capacity to be entrepreneurs. According to Otero (1999, p10) “micro finance creates access to productive capital for the poor, which together with human capital addressed through education and training, and social capital, achieve through local organisation building, enables people to move out of poverty.”

The banks neglect the minority group and concentrate on those who are financially sound and surety to bargain for loans. Schreiner and Colombet (2001, p339) define micro finance as “the attempt to improve access to small loans for poor households neglected by banks.”

To make the programme efficient and effective, about fourteen implementation methods have been employed, although each organisation adopts what it finds suitable. One of the methods commonly used is the Grameen Solidarity Group Model which exerts pressure on members to comply with the loan conditions. This model according to Berenbach and Guzman, (1994) is “based on group peer pressure whereby loans are made to individuals in groups of four to seven. Group members collectively guarantee loan repayment, and access to subsequent loans is dependent on successful repayment by all group members.”

Micro finance provides credit for self–employment as an intervention to the poverty situation of the many households. However, there is lack of data on the improvement of the poverty levels of households. The IMF (2005, p.6) states “no systematic and comprehensive data on micro finance institution is collected and there are no authoritative figures on key characteristics of the micro finance industry, such as the number and size of micro finance institutions, their financial situation, or the population served.”

It is widely known that formal employment is not easily available. The demand for employment is very high and only few positions are available. Formal employment is scarce hence informal employment has taken the lead. Take the case of Tanzania, according to an International Journal (vol. 6, no.1, 1995) “the informal sector is growing rapidly in response to sharp fall in incomes and jobs in the official economy, which has followed the introduction of structural adjustment policies.” Most of the households today rely on income from the informal sector.

In Zambia, the structural adjustment program laid off many workers giving them benefits to settle on their own. The benefits were little for most of the workers who were retrenched. The privatisation policy also forced people to be out off employment and had to find alternatives in the informal sector.

Micro finance agencies are a cushion to most of those who are not in employment or have sound income. These agencies are able to provide small loans for small businesses. Big financial agencies such as banks provide big loans to investors with collateral and surety, which the majority of Zambians do not have. According to Otero (1999, p10) micro finance “Creates access to productive capital for the poor, which together with human capital addressed through education and training, and social capital, achieve through local organisation building, enables people to move out of poverty.”

The challenge is that most Zambians have fallen in the informal sector category; hence the demand for micro finance services is high. There are a number of structural barriers that work against groups or individual participation and empowerment to face hard situations or responsibilities such as family, lower education, lower access to resources, lower status and limited mobility. The providers of micro finance services need to recognize and challenge these barriers, and ensure their intervention does not exacerbate them. There was need to address the practical and protection needs of these people. (Clifton and Gell, 2001)

However, Hulmen and Mosley (1996) concluded from their research “most contemporary schemes are less effective than they might be” that micro finance is not a panacea for poverty alleviation and that in some cases the poorest people have been made worse off by micro finance. It was revealed that in micro finance schemes there is inadequate learning and change taking place. An over – emphasis is on the scale and the notion of poverty is over-simplified. The scheme was found to be encouraging a single sector approach; resources are allocated to fight poverty but are irrelevant to the poorest people.

5.1 INFORMATION DISSEMINATION

Interpersonal communication is the earliest form of communication in human history. It is a basic theory developed by David and Berlo (1958), one to one kind of communication, which involves sender, message, channel and the receiver. According to the Wikipedia free encyclopedia, (2007, p.1) “Communication consists of transmitting information from one person to another.” The sender or source is the originator of the message; he/she formulates what to transmit to the intended. A source is the originator of the message. It may be an individual or several individuals working together, such as a TV news team. A source may also be an institution or organisation. The source or sender encodes what is to be sent into an appropriate meaning for transmission. (Rodgers1973, p. 47)

The message is understood to be the content or package for transmission. The idea of the sender is formulated into a message for passing on to another. Meanings are references or ideas, images, and thoughts expressed in symbols as a way of communicating. For communication to occur at all, the source and the receiver must have at least some minimum degree of prior experience, some level of similarity, some level of shared meanings. Education, culture, shared community, background matters for good communication. Messages are expressed in different forms such as language, symbols, gestures, body movements, pictures, songs, drama, laughter and crying. Therefore the sender selects which type and form of message to transmit. Innovations are new ideas that are in form of messages and are transmitted by the sender to the receiver. (Ibid)

There are different channels used to transmit messages for example telephone, radio, mail, newspaper, book drum and television. The sender considering the intended recipients of the message determines the channel and what is available for the transmission both at the sender and the receiver.

The channels can be classified as the interpersonal or mass media channels. Human communicate with each other across time, space, and contexts. Those contexts are often thought of as the particular combinations of people comprising a communication situation. Interpersonal communication is between dyads (two people). Group communication deals with groups and organisations. While mass media channels are means of transmitting messages usually broadcasted electronically through a mass medium, such as newspapers, magazines, films, radio and television, it enables a source of one or a few individuals to reach an audience of many. (Altman & Taylor 1987)

The receiver is the destination of the message; it is whom the sender intends for the message. Receiver interprets message to his/her own understanding that is he/she decodes the message giving it a meaning. The most important single

element in the communication process is the receiver. And we often forget him. Sources may be source-oriented; an example is textbook authors who write for their colleagues, and miss their student-readers. (Ibid, 49)

5.2 DIMENSIONS OF COMMUNICATION

Communication has several dimensions; the same act of communication can have a private and personal character as well as a public significance; it can have a social, political as well as an economic value; it may be regarded as either a matter of necessity, fundamental right or as an optional private indulgence, a matter of wants rather than needs. (Mcquail, 1992 p. 2)

The mass media has a task to reduce uncertainty in the receiver of their messages, a communication strategy is required to get the attention of mass audience and maintain it. Miller, (1995, p. 21) “Uncertainty concerning communication competence, goals, plans, affective states, and beliefs may conspire to produce either pleasant or unpleasant surprises. For the most part, message producers are not conscious of the manifold outcomes – both desirable and undesirable – that their messages may effect in those who receive them.”

5.3 MASS MEDIA

Historically, mass media started with drama where the public audience gathered to watch performances. According to the Wikipedia encyclopedia, (2007, p. 3) “Types of drama in numerous cultures were probably the first mass media, going back into the Ancient World.”

Print was the earliest form of mass media; the bible was the first to be written and printed by man. The first dated printed book known is the “Diamond Sutra,” printed in China in 868 AD, although it is clear that books were printed earlier. Movable Clay Type was invented in 1041 in China although it was slow to spread

to the masses of literacy and was expensive for the mass.(Wikipedia, the free encyclopedia, (2007, p.3).

The world transformed with the invention of the first book on the printing press, Jones Gutenberg printed the first book on a printing press with movable type in 1453. This invention transformed the way the world received printed materials, although books remained too expensive really to be called a mass-medium for at least a century after that.” (Ibid)

In the 20th century mass media developed due to technology that allowed the massive duplication of material. Physical duplication technologies such as printing, record pressing and film duplication allowed the duplication of books, newspapers and movies at low prices to huge audiences. Radio and television allowed the electronic duplication of information for the first time. (Ibid)

The growth of media as an industry has accelerated over the past few years with new forms such as Disc Video Display (DVD) and the Internet changing the way the audience consume and receive media.

5.4 GROUPS

Joseph Klapper used the term nexus, which is referred to as a connected series or group, a bank or link. (Chambers, 1995 p. 838) The mass audience is heterogeneous; it is composed of different characteristics of individuals who do not operate in isolation or in one activity, rather are involved in many groupings and activities, which have effects on their lives. Groups and group norms are mediation factors; individuals are social beings they belong to groupings such as families, tribes and communities.

Humans interact as they share different experiences and seek clarification on issues so that they do not conflict with their social norms. They live in social

systems, which are a set of interrelated units, engaged in reaching a shared goal, and that can be distinguished from their environment as a single entity. A system has structure, defined as the pattern of relationships among units in a system. (Rodgers 2007, p. 53)

These structures have great influence on human communication because the set the norms in society and individuals are expected to conform. Culture has great influence in individuals especially African culture is strong in many Africans. Individuals may be carried away with the media information but will interact and get back to the norm.

Different experiences make individuals assimilate media messages differently and react differently. Perception of messages varies; there is selective perception, which is the tendency to interpret communication messages in terms of one's existing attitudes and beliefs. We "see" reality through coloured lenses and blinders. The media messages that individuals consume are differently interpreted depending on the experience that one has on issues at hand.

5.5 SOCIAL CHANGE

Social change explains factors that lead to change and bring about development in different societies in the world. Change is understood to be a process; it occurs in all aspects of life that is political, social, economical, and psychological. Change is inevitable; it is part of life and makes it move from point A to B. however, change may be positive or negative.

People's reaction to change is unpredictable, they might accept or reject change, and they might lose their minds or not. To avoid the rejection or negative impact of social change introduced in a community, the initiator for change should take into consideration the different reactions that people have towards the change. The change agent that initiates the change is a professional.

Change is perceived as a radical transformation that entails transformation at many levels, namely individuals' lives, the community, the environment and the whole of society. It is a change based on the hope that it is possible to change life for the better. It is also based on the vision of a new, more just society where the values of cooperation, justice and concern for the common good are operative. (Louw 2002)

5.6 COMMUNITY DEVELOPMENT

Community is defined as a social group of people sharing an environment, normally with shared interest. Human communities, intent, beliefs, resources, preferences, needs, risks and a number of other conditions may be present and common, affecting the identity of the participants and their degree of cohesiveness. Thus communities live together, share the same social and natural resources in an area. People in the community have almost the same experience; they have accepted a certain standard of their environment and have a common understanding of life around them. ((Andreasen (Siegel and Doner, 2004; Dann, 2005) cited inc:Answers.com,undated.

Development is initiated by a Change Agent who is an individual that influences the innovation decisions of his/her clients in a direction deemed desirable by a change agency. There are a lot of challenges that change agents face when introducing change in a community. Cultures, language, education, accessibility, contextual are some of the challenges faced by change agents. Hence best strategies should be employed to communicate the new ideas to the community.

Community Development is a broad term that is used to refer to the practices and academic disciplines of civic leaders, activists, involved citizens and professionals to improve various aspects of local communities. It is a term that seeks to empower individuals and groups of people by providing these groups with the

skills they need to effect change in their own communities. These skills are usually concentrated around common agenda. Community developers must understand both how to affect community positions within the context of larger social institutions.

www.wikipedia.org/wiki/socialchange

5.7 WOMEN

Women are the most affected when there is no income in the home. They bear the heavy burden of finding ways of bringing food on the table adding to the already intensified work that they perform. Women ensure good health, acquisition of knowledge, devote time to fostering social relationships, these hours spent in the company of relatives and friends all are worth while activities. (UNDP Report 1995 p87). In most society's women play a major role in the productive activities of the family, in farming, paid domestic labour, services, industries and income generating activities. Most of the women were housewives until when their spouses lost their employment due to the structural adjustment. They lacked exposure to the market world since they were confined to doing domestic activities.

In Zambia, females make up 51 percent of the population, yielding a sex ratio of 100 women for every 96 men. The country has a broad based population pyramid. In 1990, 46 percent of the population was 51 years or younger. This has contributed to a high dependency ratio of 92 persons (1990) (CEDAW Report undated).

Zambia upholds the rights for women and girl child as it ensures that there is gender balance in all walks of life. Gender balance refers to the situation whereby the population of males is equal to that of females in any given development programme. The Zambian Government wishes to continuously improve upon the status of women because it realises that the development of the nation depends

upon the maximisation of all available resources, and women are an invaluable resource (Ibid p2). Hence the involvement of women in the informal sector is encouraged. In most cases women stand a better chance of getting loans from micro finance institutions than men. There is a belief that women are trusted, more committed and their success spills over to the entire family, dependants and the nation as a whole.

5.8 SOCIAL MARKETING

Today there are several micro finance institutions providing loans to the vulnerable groups in communities. Competition is high to get clients to register with an organisation and maintain them in order to stay in business. Micro Finance is partly commercial as it also aims at making profits, through interest rates. On the other hand micro finance institutions use a social marketing approach, which emphasis on influencing social behaviours. Social marketing is defined as the application of commercial marketing technologies to the analysis, planning, execution, and evaluation of programmes designed to influence voluntary, behaviour of target audiences in order to improve their personal welfare and that of their society. (Andreasen (Siegel and Doner, 2004; Dann, 2005) cited in: Answers.com,undated

5.9 COMUNICATION STRATEGY

Successful economic growth is influenced by a number of factors which go with the changes in a nation. Zambia experienced changes in its economy through different social / political changes first, second, third and fourth republic. Economic is referred to an accepted paradigm for organizing the business, financial and even to some extent the governmental sectors of a nation. Economic is viewed as the foundation for building a prosperous society. A national economic growth takes account of the general status of the whole country. However, within a nation the communities may differ in their economic growth

because of the difference in resource availability and management of the resources. (Business Encyclopaedia)

Zambia developed new communication strategies to implement the innovation of private ownership. The innovation of Micro Small and Medium Scale Enterprises (MSMEs) Development was formed. The main focus of the policy after the structural adjustment in Zambia, promoted a free enterprise system where the governments role is limited to a facilitator. Its strategy was to provide an enabling environment. At this stage it commercialized and privatized State Owned Enterprises (SOEs).

For the MSMEs to manage well, the Government of the Republic of Zambia through the Ministry of Commerce Trade and Industry (MCTI) came up with the communication strategies. This involved impacting entrepreneur skills for those falling out of employment, review and harmonise existing legal and regulatory framework with a view to incorporate the MSMEs. (UNDP 2002 p. 10-11)

CHAPTER 6

DEMOGRAPHIC CHARACTERISTICS OF THE POPULATION

6.0 INTRODUCTION

The target population was drawn from Lusaka Province, which has a total population of 1, 496,428. Lusaka is the most urbanized with 81 percent of its population in the urban area. A larger population in urban areas reside in high density areas. The majority of the household heads in the high density areas are females. These female headed household support a family size of six at an average and mostly includes children and dependants. However, in some few cases they also support husbands.

6.1 POPULATION SIZE AND DISTRIBUTION

Table 6.1 shows the distribution of population by location in residential areas in Lusaka district. The highest population of the MBT clients reside in high-density area with 78.3 percent of the population. Medium density area has the second highest population of the MBT clients, with 19.2 percent of the population. The low-density area has the least population with isolated cases of 2.5 percent.

Table 6.1

Population distributions by residential area

Area Residential	Frequency	Percent
High density	94	78.3
Medium density	23	19.2
Low density	3	2.5
Total	120	100.0

The area with the largest percentage of the poor population is the high density areas. These areas have people who are economically of low- income or none. The population strives to make ends meet by joining the informal sector.

Table 6.2

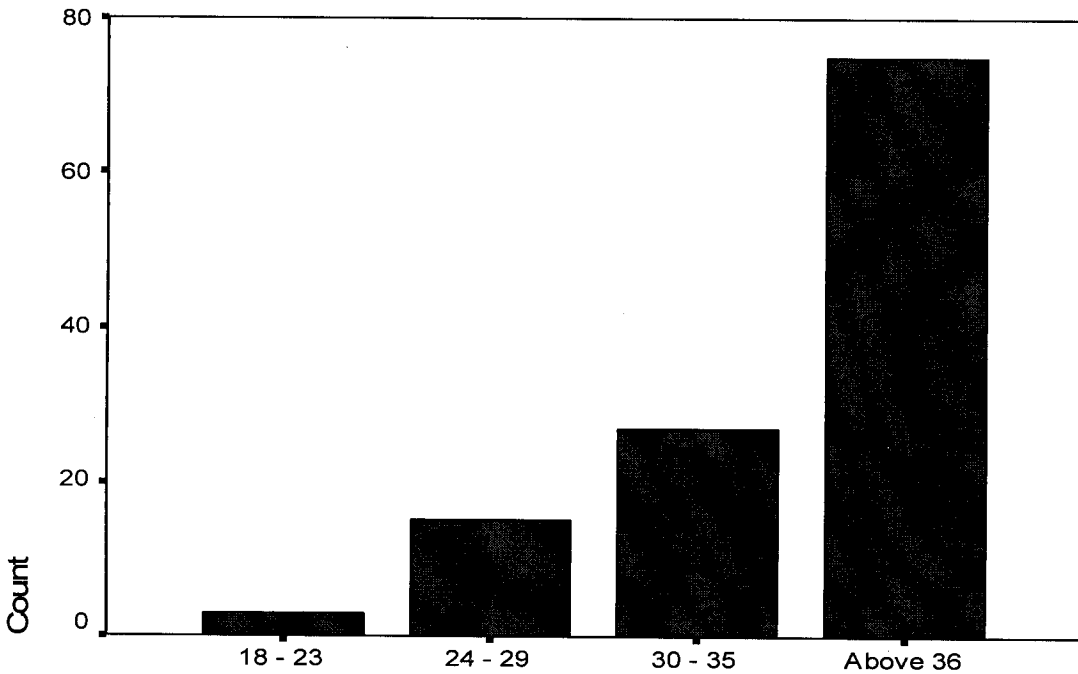
Population distribution by age

Age Group	Frequency	Percent
18 - 23	3	2.5
24 - 29	15	12.5
30 - 35	27	22.5
Above 36	75	62.5
Total	120	100.0

Table 6.2 and figure 6.1 shows the population distribution by age. A small percentage of 3 were in the range of 18 – 23 and those in the range of 24 – 29 were 12.5 percent. Others in the range of 30 – 36 were 22.5 percent. The age group with the highest percent of MBT clients was above 36 with 62.5 percent.

Figure 6.1

Population distribution by age.



3. What is your age?

Information on age distribution shows that the age group above 36 is more in the informal sector. This is so because at this age one has more responsibility especially that of providing for a large family of 4 to 6 children. The HIV scourge has also worsened the situation by increasing the number of those to look after. It has made most of the families to add to their families' dependants such as grandchildren, nieces, nephews and siblings.

However, responsibility is assumed at an early age, applicants for MBT start from the age of 18 and increases as there after.

CHAPTER 7

BUSINESS

7.0 STARTING BUSINESS

Table 7.1 and figure 7.1 shows three categories when people start business. The three categories are After Retrenchment, Before Retrenchment and Never Worked. The highest percentage was the population, which never worked with 73.4 percent. A total of 16 percent started business after they were retrenched and 11 percent started business before they were retrenched.

Table 7.1

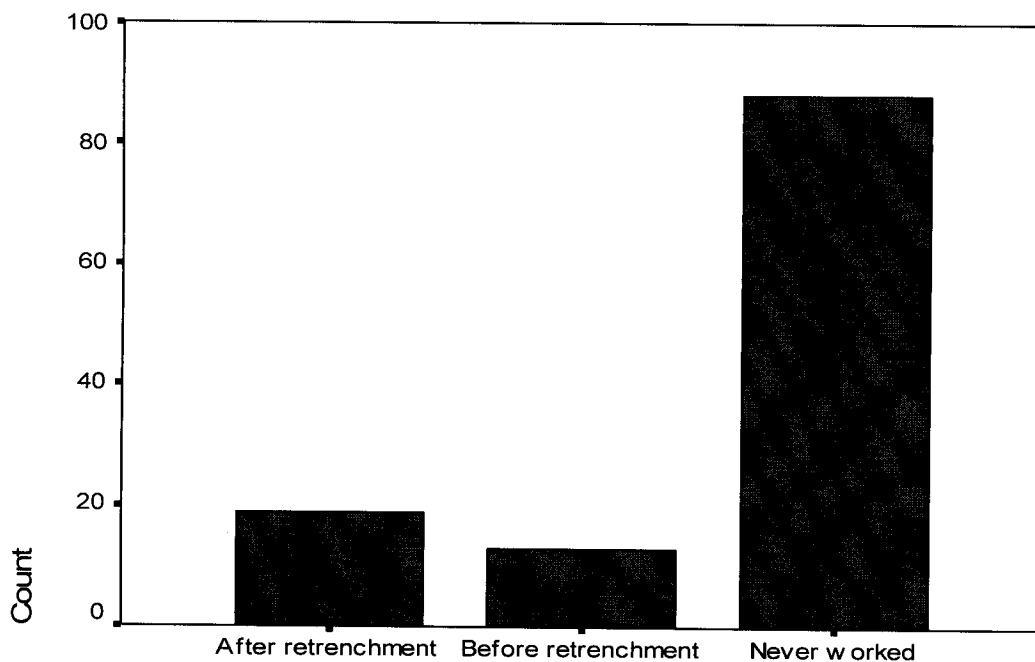
Starting of business

When Business Started	Frequency	Percent
After retrenchment	19	15.9
Before retrenchment	13	10.7
Never worked	88	73.4
Total	120	100.0

The larger group of the sample started business without having worked. Most of them have been housewives and depended on their husbands for family support. The income levels for the family declined when their husbands were retrenched or dismissed. Others, husbands died and were forced to fetch for means to support the family.

Figure 7.1

Starting of business



6. If yes in question 5, when did you start your business?

Table 7.2 and figure 7.2 shows the type of business carried out by MBT clients. There are four categories indicating different businesses. The first category is trade, which covers groceries, foodstuff, clothing and charcoal. The second category is manufacturing, which includes tailoring, baking, and knitting. The third category is agriculture, covering farming and the last category is service provision, which covers managing schools.

TYPE OF BUSINESS

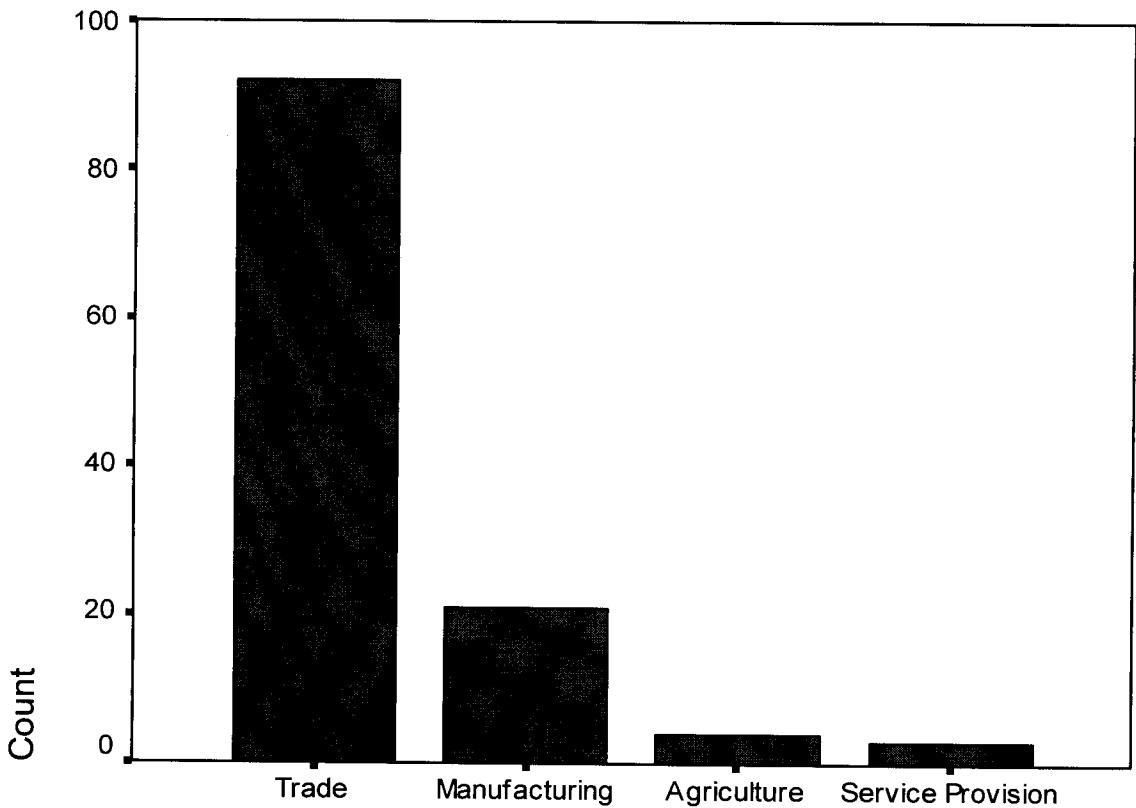
Table 7.2 and figure 7.2 show that the most common business carried out is trade, which had 77 percent. Manufacturing is the second common business, with 18 percent. Agriculture and Service Provision recorded the lowest with 3 percent and 2 percent respectively. Those in trade specialize a lot in small businesses run at home called “Ntembas” and sell mostly groceries, vegetables and charcoal. Tailors based at home and local markets mostly do manufacturing business. The few in agriculture grow vegetables and rare chickens for sale at their homes and markets. For service provision nursery schools are mostly run at homes.

Table 7.2**Type of business**

Business	Frequency	Percent
Trade	92	76.7
Manufacturing	21	17.5
Agriculture	4	3.3
Service Provision	3	2.5
Total	120	100.0

Figure 7.2

Types of business



7. What type of business are you running?

7.2 AGE AND TYPE OF BUSINESS

Table 7.3 shows the comparison between the age and type of business engaged in. The age ranges from 18 to above 36 and the type of business is in four categories. The beneficiaries in the age of 18 – 23 are 3 and they are all in trade. A total of 15 beneficiaries are in the age range of 24 -29 of which 11 are in trade, 2 in manufacturing and 2 in service provision.

Those in the age range of 30 – 35 are 27. Of these 21 are in trade, 5 in manufacturing, and 1 in agriculture. The beneficiaries in the age group above 36 are 75, out of these 57 are in trade, 14 in manufacturing, 4 in agriculture and 3 in service provision.

Table 7.3

Cross Tabulation on age and Type of Business

	Age group by type of business (Q3 and Q7)	Total			
Age group	Trade	Manufacturing	Agriculture	Service Provision	
18 - 23	3	0	0	0	3
24 - 29	11	2	0	2	15
30 - 35	21	5	1	0	27
Above 36	57	14	3	1	75
Total	92	21	4	3	120

CHAPTER 8

SOURCE OF CAPITAL

8.0 OWN CAPITAL

Table 8.1 shows how many people start business using their own capital

Table 8.1

Started business using own capital

Used own capital	Frequency	Percent
Yes	31	25.8
No	89	74.2
Total	120	100.0

The table shows that 74 percent had no capital of their own; they sourced capital to start business. Only 26 percent used their own money to start business.

8.1 CAPITAL ACQUIRED

Table 8.2 shows the different sources of capital and four categories are indicated in the table. The categories are family or relatives, friends, Bay Port and Micro Bankers Trust.

Table 8.2

Capital acquired

Source of capital	Frequency	Percent
Family or relatives	80	66.7
Friends	4	3.3
Bay port	18	15.0
Micro Bankers Trust	18	15.0
Total	120	100.0

The table reveals that the highest source of capital for starting business is the family or relatives, which recorded 67 percent. The small loan providers with 15 percent Bay port and 15 percent Micro Bankers Trust recorded the second highest source of capital for business. The least source of capital is friends, which recorded 3 percent.

8.2 CAPITAL ARRANGRMENT

Table 8.3 and figure 8.1 shows the arrangements that are made for collecting capital from the different sources. There are three types of arrangements namely grant or gifts, loan and salary or earning.

Table 8.3**Capital**

Arrangement	Frequency	Percent
Grant or gift	93	77.5
Loan	20	16.7
Salary	7	5.8
Total	120	100.0

The arrangement for obtaining capital to start business for those who got grants or gifts is the highest with 77 percent. Those who got loans came out to be the second highest with 17 percent. Only 6 percent used their salary as capital to start business. Arrangements for grants or gifts are mostly done through families or relatives. For those who are married their spouses assist them with capital in form of gifts. Others who fail to get gifts to start business make arrangements for loans with families, relatives, friends and micro finance organisations.

Others raise capital to start business by getting involved in different types of jobs such as house servant, piece works, and hairdressing. From their income they save part of it to start business.

Figure 8.1

Capital arrangement



10. What was the arrangement for the capital you got?

8.3 SOURCE OF CAPITAL WITH STARTING BUSINESS

Table 8.4 below shows the source of capital for starting business either with own capital, or from family, friends, Bay port or MBT.

Table 8.4**Source of capital to start the business**

	8. Did you start your business using your own capital?		Total
	yes	no	
Family or relatives	7	73	80
Friends	0	4	4
Bay port	15	3	18
Micro Bankers Trust	8	10	18
Count	30	90	120

CHAPTER 9

9.0 KNOWLEDGE

Knowledge about micro finance is high, as 100 percent of the sample revealed that they knew about micro finance institutions.

Table 9.1 and figure 9.1 shows how knowledge about Micro finance institutions is acquired. Five categories are outlined in the table showing the different ways in which information is disseminated.

Table 9.1

Knowledge about micro finance

Source of information	Frequency	Percent
Friends	100	83.3
Family or relatives	7	5.8
Media- radio, television or internet	5	4.2
Work place	3	2.5
Others	5	4.2
Total	120	100.0

Micro finance is known highly from friends, 83 percent of the sample revealed that they came to know about micro finance institutions through friends. Those who got information about micro finance from family or relatives were 6 percent. The media such as radio, television and internet was also indicated as a source of

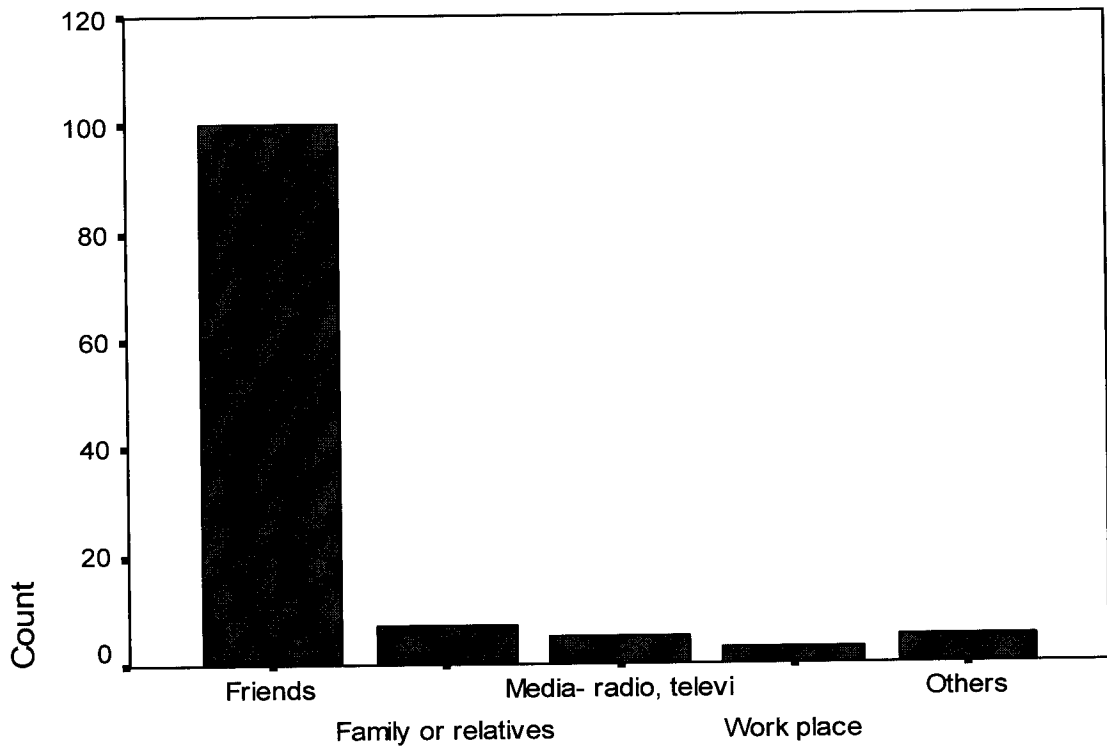
information by 4 percent of the sample. Only 3 percent came to know about micro finance from their work places and 4 percent obtained information about micro finance through other sources such as the organisations providing loans.

9.1 ACCESS TO KNOWLEDGE ON MICRO FINANCE

Figure 9.1 shows how the community has access to knowledge about microfinance institutions. Access to information through friends was the highest with 98 percent of the sample, friends that had knowledge of microfinance institutions shared with friends. A sample of 2 percent had access to microfinance information through families or relatives.

Figure 9.1

Access to knowledge on Micro finance Institutions



12. If yes in question 11, how did you know about Micro fina

CHAPTER 10

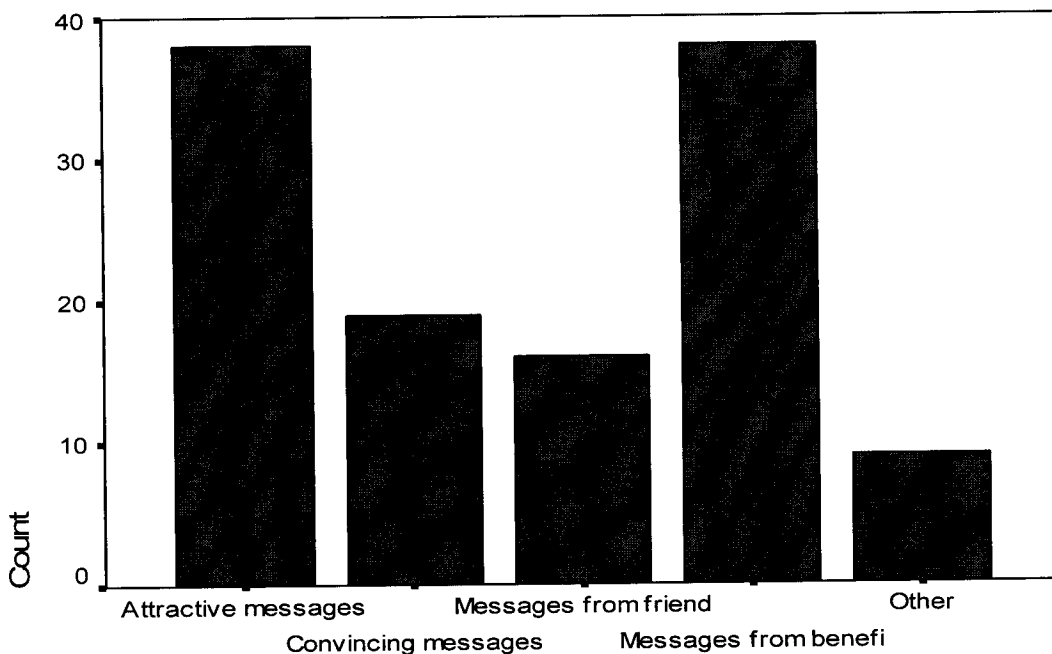
MOTIVATION

10.0 REASONS FOR APPLYING FOR A LOAN

Applying for a loan from Micro Bankers Trust is done through meetings with the officers and other clients for MBT. The new applicants are given more information on the organisation, loans and conditions of the loans. The old members who have also benefited from loans share their achievements after getting the loan. The response is overwhelming for applying, 100 percent indicated that they did apply for a loan at Micro Bankers Trust. Figure 10.1 below shows what makes the community respond positively to the programme.

Figure 10.1

Reasons for applying for a loan at MBT



14. If yes in question 13, what made you apply for a loan at

However, reasons for applying for a loan differs by individual applicants. Messages on interest are found to be attractive which compelled 32 percent of the sample to apply for a loan at MBT. Another 32 percent applied for a loan at MBT because of the messages from beneficiaries. The loan scheme has convincing messages this made 16 percent of the sample to apply for the loan at MBT. Friends to the applicants also give messages, which make them apply for loans this was revealed by 13 percent. Only 7 percent had other reasons for applying for a loan at MBT such as attractive messages on period of paying back and good communication with the staff at MBT.

Table 10.1
Reasons for applying loan

Reasons for applying	Frequency	Percent
Attractive messages on interest	38	31.7
Convincing messages on the loan scheme	19	15.8
Messages from friends	16	13.3
Messages from beneficiaries	38	31.7
Other	9	7.5
Total	120	100.0

10.1 PERIOD APPLIED FOR LOAN

People started applying for MBT loans from 1996 to 1998. The number of applicants was small at the beginning with only 2.5 percent of the sample and in 1999 to 2001 less than 1 percent applied.

However, as the years progressed there was an increase in the number of applicants in 2002 to 2004, MBT had 12.5 percent applicants and in 2005 to 2007, 84 percent of the sample applied for loans.

Table 10.2

Period applied for loan

Period	Frequency	Percent
1996 – 1998	3	2.5
1999 – 2001	1	0.8
2002 - 2004	15	12.5
2005 - 2007	101	84.2
Total	120	100.0

CHAPTER 11

11.0 TRAINING

Training is offered to all the new members by MBT hence 100 percent have undergone training on how to run a business. The training is short simplified to suit the levels of education, which is mostly below high school levels. A local language is used for instance in Lusaka “nyanja” is used as it is commonly understood. Training set up is informal it’s conducted in the centres which are usually used as meeting place for the groupings.

11.1 TYPE OF TRAINING

Table 11.1

Type of training

Training	Frequency	Percent
Entrepreneurship	34	28.3
Financial management	50	41.7
Sales marketing	25	20.8
Purchasing	11	9.2
Total	120	100.0

MBT offers different types of training to new members. The highest type of training recorded is financial management with 42 percent. Entrepreneurship

recorded the second highest with 28 percent. Sales marketing recorded the third highest with 21 percent and purchasing had 9 percent.

11.2 UNDERSTANDING OF THE TRAINING

The understanding of the training differs, 36 percent understood more on other issues, which are general. The training on the use of money wisely recorded 28 percent while training in business management recorded 28 percent. Only 8 percent reported that they understood well on the training of paying back loans.

Table 11.2

Understanding of the training

Training	Frequency	Percent
Business management	33	27.5
Use money wisely	34	28.3
Paying back loan	10	8.4
Others	43	35.8
Total	120	100.0

The training is clear the sample of 82 percent indicated that they understood all the lessons from MBT.

11.3 WHAT IS NOT UNDERSTOOD ABOUT THE TRAINING

Table 11.3

What was not understood about the training

Training	Frequency	Percent
About interest	10	8.3
Saving with MBT	7	6.0
Financial management	5	4.0
None	98	81.7
Total	120	100.0

However, lesson on interest is highly reported not to be clear, 8 percent of the sample did not understand the lesson. Training on saving with MBT is also not clear 6 percent of the sample revealed that they did not understand. Only 4 percent of the sample did not understand well the lesson on financial management.

11.4 TRAINING NEEDS

It is noted that the members of MBT feel there is need to have more training in different courses apart from what is being offered. Training in financial management at an advanced level was suggested by 22 percent of the sample.

Skill training was suggested by 14 percent of the sample. Amongst the skill training suggested were tailoring, making of tie and dye, baking and knitting.

Almost half the sample 43 percent, did not indicate other training needs, they seemed satisfied with what MBT training package offers.

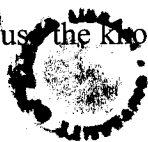
Table 11.4

Other type of training requested

Training	Frequency	Percent
Financial management	26	21.7
Skills	17	14.2
Others	25	20.8
None	52	43.3
Total	120	100.0

11.5 IMPACT OF TRAINING

Training has been useful to the target population; they are able to use the knowledge in their business. Table 11.5, table 11.6 and figure 11.1 show the impact of the training offered by MBT for the members. The sample of 99 percent confirmed that they are able to use the knowledge acquired from the training with



MBT in their business. Only 21 percent are not able to use the knowledge acquired from the training.

Table 11.5

Able to use the knowledge about the training

Use of training	Frequency	Percent
Yes	95	79.2
No	25	20.8
Total	120	100.0

The knowledge acquired from the training with MBT is very useful in the running of the business. About 73 percent of the sample reported that the training is very useful. Another 16 percent of the sample finds the training to be useful, while 9 percent find the training to be slightly useful. Only 2 percent of the sample finds the training not useful.

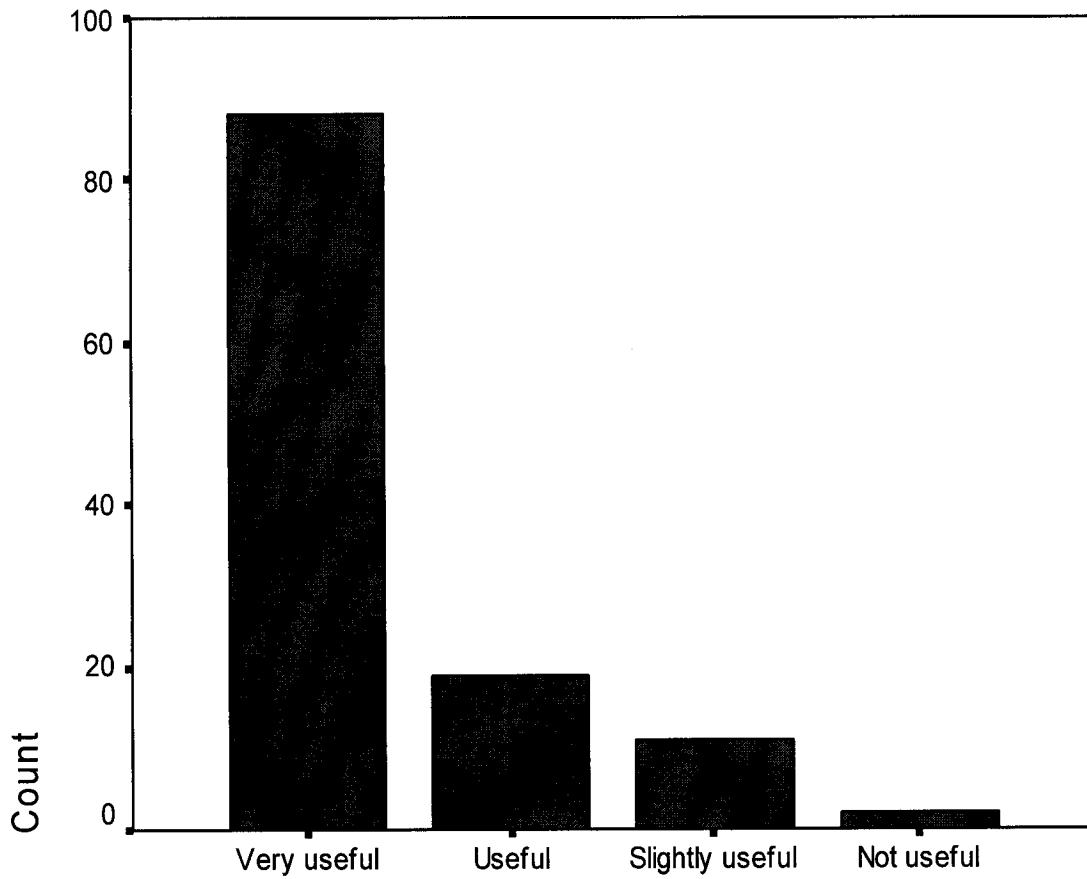
Table 11.6

Usefulness of the training

Use of training	Frequency	Percent
Very useful	88	73.3
Useful	19	15.8
Slightly useful	11	9.2
Not useful	2	1.7
Total	120	100.0

Figure 11.1

Usefulness of the training



18. How useful is the training to your business?

CHAPTER 12

FAMILY SUSTAINABILITY

12.0 IMPROVEMENT IN LIVING STANDARDS

The small businesses run by beneficiaries of MBT have made it possible to sustain families through the provision of basic needs. Over 78 percent of the sample agreed that their business helped them to provide basic needs for the family. Only 22 percent find the business not being helpful to their families.

Table 12.1

Has the business helped to provide basic needs for the family

Response	Frequency	Percent
Yes	94	78.3
No	26	21.7
Total	120	100.0

12.1 FOOD

Table 12.1 and figure 12.1 shows the levels of improvement by household. The highest percentage of the sample with 44 percent reported that their living standards improved in the provision of food. Followed by 25 percent reported a slight improvement and 24 percent reported that their living standard highly improved with regards to the provision of food. However 7 percent of the sample revealed that there was no improvement in the provision of food.

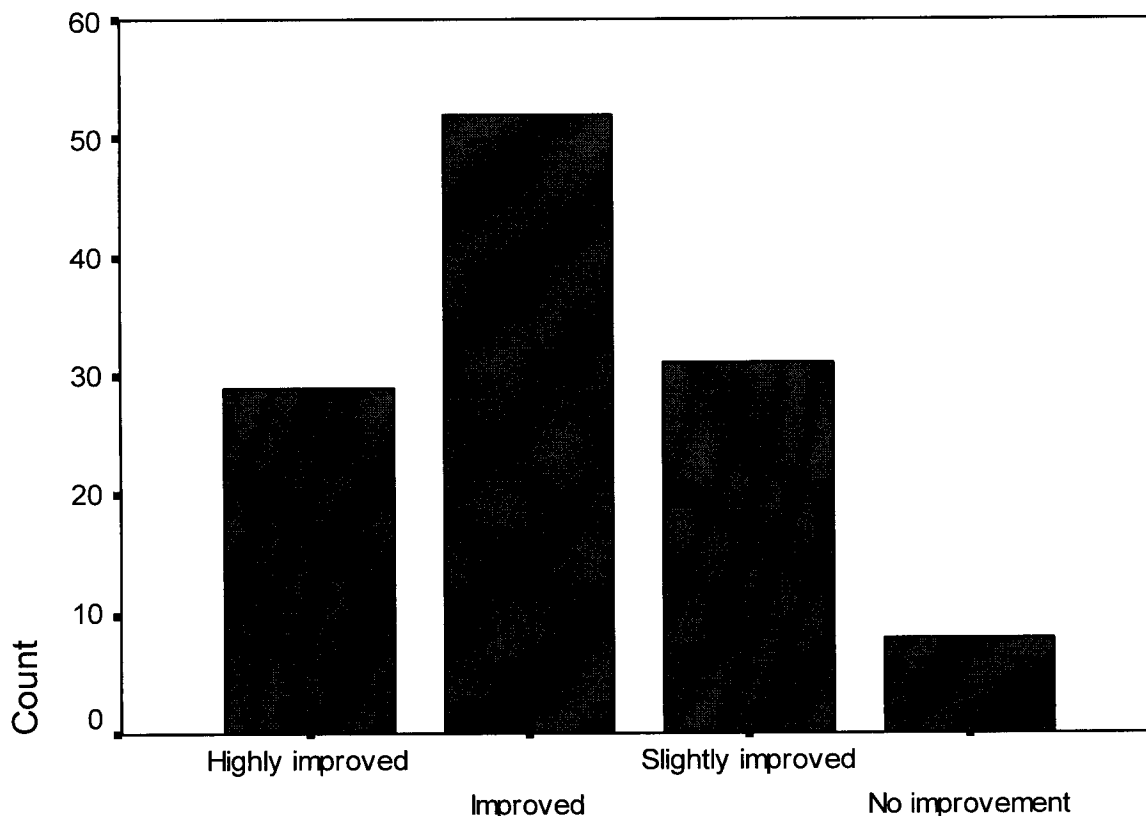
Table 12.1

Improvement in living standard (Food)

Food	Frequency	Percent
Highly improved	29	24.2
Improved	52	44.3
Slightly improved	31	24.8
No improvement	8	6.7
Total	120	100.0

Figure 12.1

Improvement in provision of food



25a. What improvement is there in food?

12.2 CLOTHING

Table 12.2 and figure 12.2 show that 39 percent of the sample in small business has improved in their living standard in terms of clothing. While 26 percent confirmed that there is a slight improvement in the provision of clothing to families. About 17.5 percent indicated that the living standard in clothing highly improved. Only 17.5 percent did not see any improvement in their living standard in clothing.

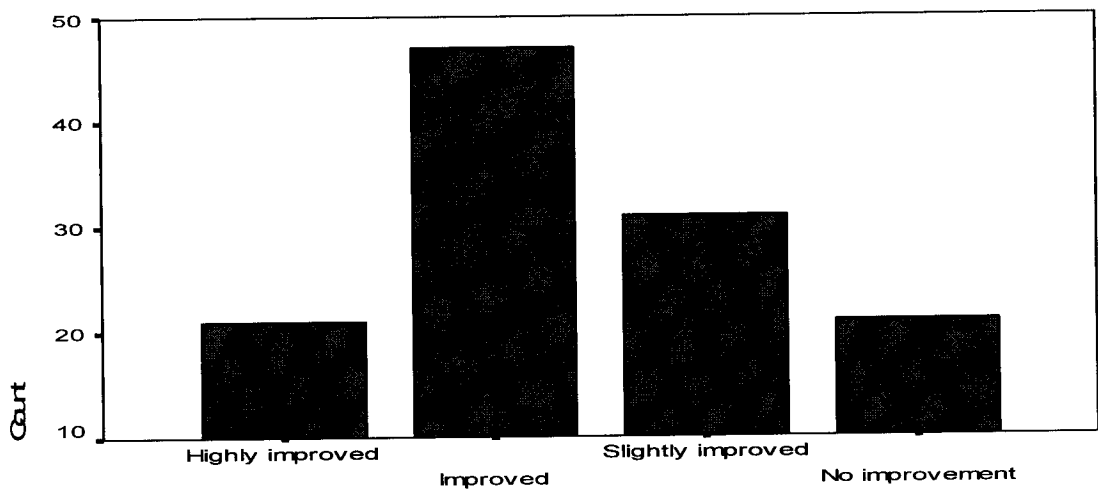
Table 12.2

**Improvement in living standard
(Clothing)**

Clothing	Frequency	Percent
Highly improved	21	17.5
Improved	47	39.2
Slightly improved	31	25.8
No improvement	21	17.5
Total	120	100.0

Figure 12.2

Improvement in provision of clothing



25b. What improvement is there in clothing?

12.3 SHELTER

Table 12.3 and figure 12.3 shows the levels of improvement in the living standards with regards to shelter. About 37 percent of the sample indicated that they had improved on the problem of shelter as they managed to rent a house or built their own houses. An improvement was also noted by 23 percent of the sample who indicated that there was high improvement in this area and 18 percent revealed that there was slight improvement.

However 23 percent indicated that there was no improvement in the provision of shelter.

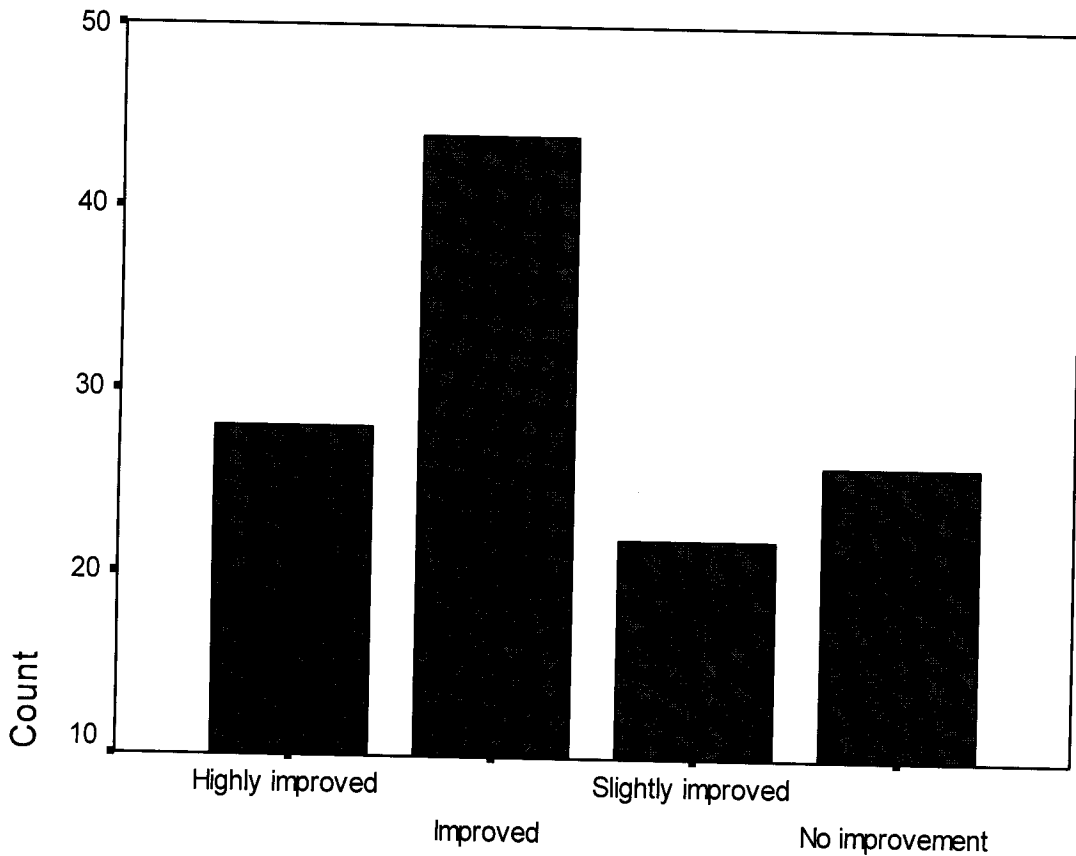
Table 12.3

Improvement in living standard (Shelter)

Shelter	Frequency	Percent
Highly improved	28	23.3
Improved	44	36.7
Slightly improved	22	18.3
No improvement	26	21.7
Total	120	100.0

Figure 12.3

Improvement in provision of shelter



25c. What improvement is there in shelter?

12.4 HEALTH

Table 12.4 and figure 12.4 shows the levels of improvement in the area of health. Over 36 percent of the sample revealed that there was an improvement in meeting the health requirement. While 28 percent noted a slight improvement in

this area and 26 percent felt there was high improvement. Only 11 percent revealed that there was no improvement in providing the health requirement for the family.

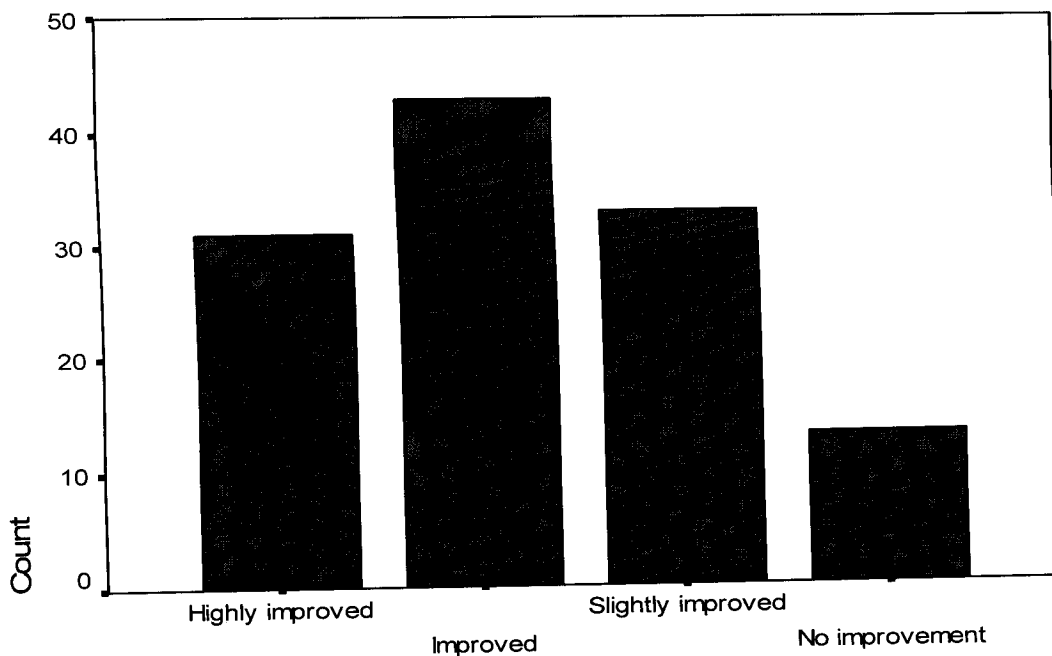
Table 12.4

Improvement in living standard (Health)

Health	Frequency	Percent
Highly improved	31	25.8
Improved	43	35.8
Slightly improved	33	27.5
No improvement	13	10.9
Total	120	100.0

Figure 12.4

Improvement of provision for health care



25d. What improvement is there in health?

12.5 EDUCATION SUPPORT FOR CHILDREN

Table 12.5 and figure 12.5 shows the levels of improvement in education support for children. A total of 29.2 percent of the sample expressed that there was an improvement in education support for children. Over 27 percent noted a slight improvement and 18.3 confirmed that there was high improvement in education support for children. Those who did not notice any improvement in the education support were 26 percent of the sample.

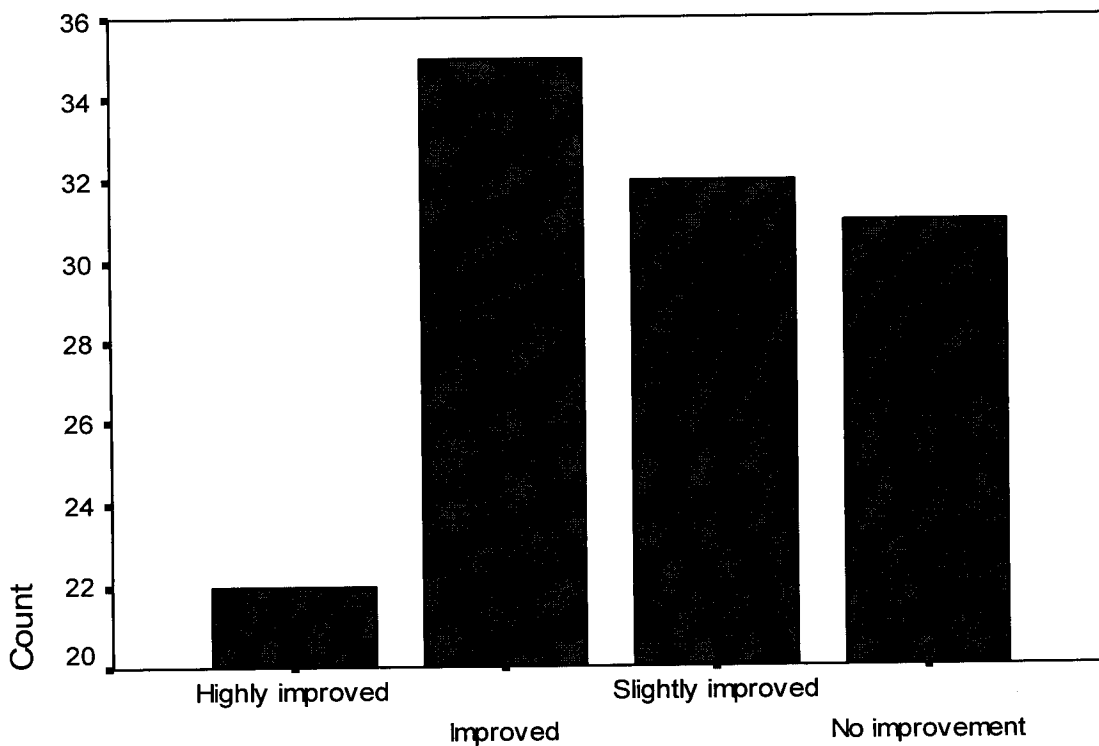
Table 12.5

Improvement in living standard (Education for children)

Education for children	Frequency	Percent
Highly improved	22	18.3
Improved	35	29.2
Slightly improved	32	26.7
No improvement	31	25.8
Total	120	100.0

Figure 12.5

Improvement in provision for education support



25e. What improvement is there in education for childre

CHAPTER 13

RECOMMENDATIONS

13.0 ADVANTAGES OF MICRO BANKERS TRUST

The table 13.1 and figure 13.1 below shows what people like about MBT. Over 43 percent of the sample likes the condition of paying back loans at a slow pace. A total of 16 percent disclosed that they liked MBT because their loans had low interest. For paying back small amounts it had 12 percent of the sample and also the good communication with officers had 12 percent. There were other reasons given by 18 percent of the sample showing the advantages of MBT, these were opening up a savings account with MBT as a member and getting additional loans that are given after six months of the first loan.

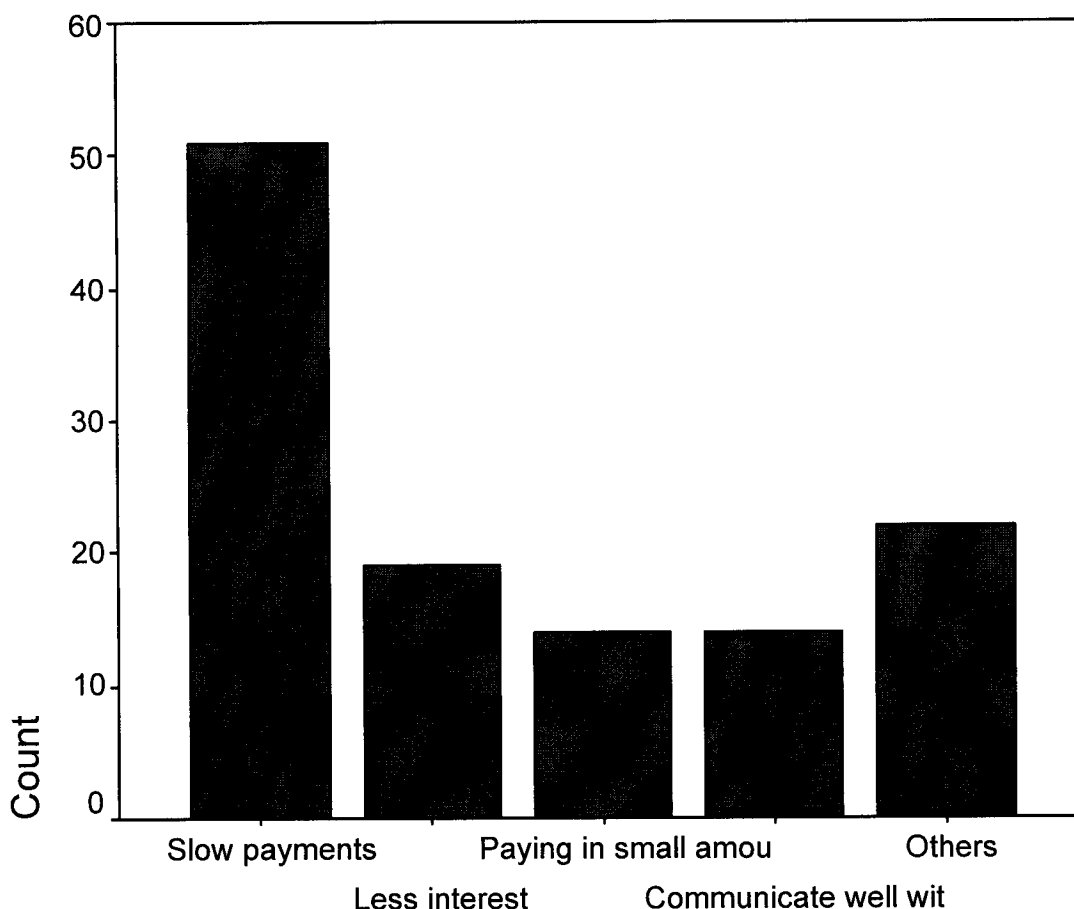
Table 13.1

What is liked about MBT

Likes	Frequency	Percent
Slow payments	51	42.5
Less interest	19	15.8
Paying in small amounts	14	11.7
Communicate well with officers	14	11.7
Others	22	18.3
Total	120	100.0

Figure 13.1

What is liked about MBT



26. What do you like about Micro Bankers Trust?

13.1 DISADVANTAGES OF MICRO BANKERS TRUST

Table 13.2 and figure 13.2 shows what people do not like about Micro Bankers Trust. A sample of 47 percent revealed that they do not like the MBT because it gives small loans. While 31 percent had other reasons such as paying for other members who fail to pay back the loan. Another 11 percent complained of the long period that is given for paying back the loan. Over 8 percent of the sample

revealed that they do not like the small savings required by MBT. A total of 4.2 percent revealed that they were not happy with the loans because they were fixed.

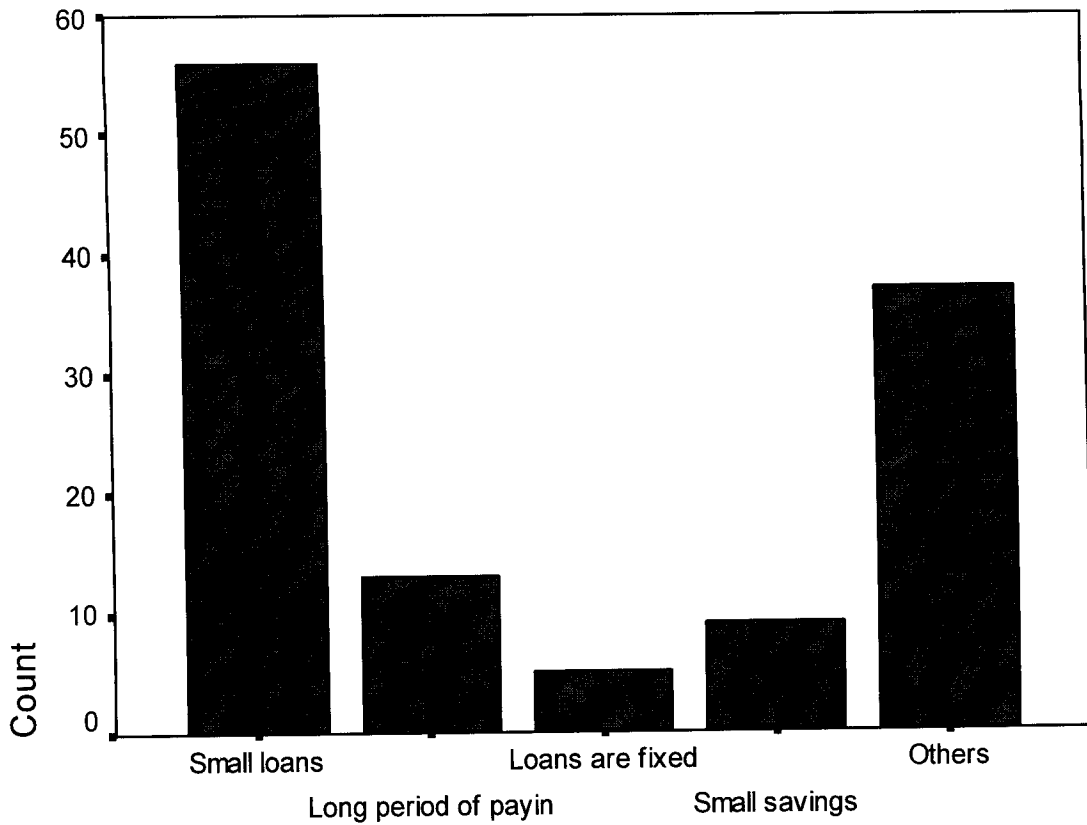
Table 13.2

What is not liked about MBT

Dislikes	Frequency	Percent
Small loans	56	46.7
Long period of paying back	13	10.8
Loans are fixed	5	4.2
Small savings	9	7.5
Others	37	30.8
Total	120	100.0

Figure 13.2

Disadvantages of MBT



27. What don't you like about Micro Bankers Trust?

13.2 BENEFICIARIE'S RECOMMENDATION

The table 13.3 and figure 13.2 below shows the different opinions by the MBT beneficiaries for it to improve. Over 57 percent of the sample suggested that MBT should increase the loans, while 6 percent suggested that MBT should shorten the duration of loan and 4.2 percent suggested that MBT should allow people to get the amounts they have applied for. There should be no limitations.

A total of 25 percent had other suggestions such as MBT should be holding workshops for clients so that they have intensive training. The savings that members save with MBT should be gaining interest. MBT should introduce monthly loans, give big loans for construction of houses, offer assistance towards funerals and increase the fresh loans (additional loans).

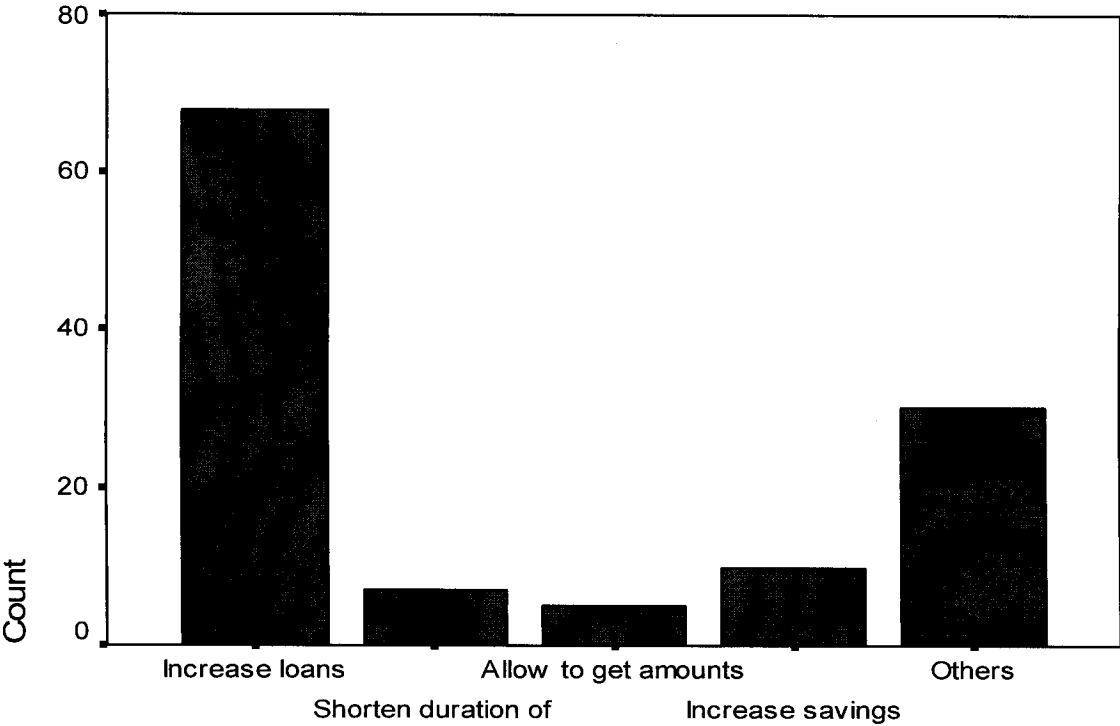
Table 13.1

Opinion on how MBT should improve its services

Opinion	Frequency	Percent
Increase loans	68	56.7
Shorten duration of loan	7	5.8
Allow to get amounts required	5	4.2
Increase savings	10	8.3
Others	30	25.0
Total	120	100.0

Figure 13.3

Opinion on how MBT should improve its services



28. In your opinion, how should Micro Bankers improve its se

CHAPTER 14

IN DEPTH INTERVIEW

14.0 RESULTS OF IN DEPTH INTERVIEW

An in depth interview was conducted on a group of ten clients for MBT in Kaunda Square compound. The focus of the interview was to get their perception of MBT as an organisation, the impact of the loans received and whether their lives have improved or not.

The outcome of the interview was as follows

- MBT has assisted those who live at home without anything to do to start business.
- The community has knowledge of the micro finance services a number of organisations in this area have been approaching communities informing them of their package. The group was able to mention three organisations providing micro finance services; these are Pride Zambia, FINCA and City Zama.
- Most of the clients get to know about MBT through friends especially those that have already benefited.
- Comparing MBT with other organisations that provide loans, the group revealed that it was accommodating. The group indicated that they were attracted to MBT conditions of the loan, which are good and better than other organisations that are offering the same services. The loans have a recovery period of 12 months, which is long and does not make one to panic when paying back. Also the condition of paying back in small amounts is manageable for most clients. The interest is low.

- The loans at MBT are accessible; clients easily access the loans through the weekly meetings with the field officers. Information is provided by Field Officers who explain about MBT loans.
- The training provided by MBT is good it helps clients to have ideas about managing a business which most of them do not have at the beginning.
- The whole group agreed that they do apply what they learn from the training in managing their businesses.
- Loans have improved the living standard of many families. Most of the beneficiaries have been able to provide for the families with the basics such as accommodations, food, clothing medical and education support. In general most of the clients from their business profits make some savings, which help them to solve some family problems.
- However, some beneficiaries revealed that there was slight improvement in their living standards in that they only manage to provide food, clothing, and shelter for their families. Other basics such as medical and education support are difficult to provide for the families because profit realised from their businesses is very small.
- Other services provided by MBT are savings facilities where a 20% is deducted from the client's loan and is kept as a saving for the client. The saving helps to cover up a client when she fails to pay back her loan.
- The group indicated that they liked MBT and would want the organisation to continue assisting the community. However, the group felt that MBT should be removing the defaulters from the groups instead of making the members of the group to pay back.

- There was an appeal by the group that MBT should in future consider increasing the loans to at least one million kwacha (K1, 000,000.00) for an individual so that they can be able to expand their businesses. They also appealed for increasing the period of collection, to a monthly collection instead of weekly.

CHAPTER 15

FOCUS GROUP DISCUSSION

15.0 PROGRAMME IN PERI URBAN

The programme in peri urban is mainly for women, it is called Grameen. The idea originated from Bangladesh. MBT adopted a programme from Bangladesh that has operational guidelines of the structures, communication strategy, loan cycles, loan interest, loan recovery, and additional loans.

In Lusaka the program is implemented in peri urban areas such as Kalingalinga, Mutendere, Kamanga, Kaunda Square, Ngombe, Kanyama, Chelston, Makeni and Chilanga.

15.1 STRUCTURES

It encourages groups of mixed ages, the youth from 18 years and over. Groups are of five members. The group has a centre where other groups meet. The centre has eight groups.

Each group has a chairperson to keep constant checks and balances. The group is attached to a centre, which has eight other groups as members to the centre.

Most of the work is done at the centre meetings once a week. The centre has its own system of management which includes the group chairperson and centre chiefs. Leadership training is provided through workshops to help to manage the centres and groups.

15.2 COMMUNICATION

There is constant communication, monitoring check ups through visits. The officer visits the groups at the centre three times a week. Three days are selected for visits for instance in Kalingalinga the Field Officer visits on Tuesday, Thursday and Wednesday. The visits are for recovering the loans, which are collected in small amounts on a weekly basis. During the visits, new applications are received, advice on how to use the loans is given, disputes are settled, and training is offered on one of the days.

New members first get approval from the existing centre, which informs the coordinating officer. The coordinator investigates the new applicants by verifying their businesses and capability through discussions in centre meetings. The following is considered for one to be a member:-

- A member should live in the same residential area for at least 3 years. This saves as a measure of trust in an individual.
- In a group there should be at least 3 members who live in their own houses and 2 members can be renting.
- A member should be seen to run a small business either selling at the market, nthemba or shop.

Groups are used as a support group when things become tough. There is peer pressure which makes members be committed and respond positively to the organisation guidelines.

MBT complies with central bank regulations which demand for high levels of efficiency. Through close monitoring and counselling of groups MBT is able to maintain their programmes. It also manages to expand through reinvesting the profits.

15.3 LOANS

Small loans are given because they are starters and are learning how to get into business. They have to learn how to use credit for production and not waste it on other things and to save money.

Loans are given in 3 cycles, this helps to build trust, to see how the members would pay back the loan.

The following are the cycles:-

1st cycle a minimum of K100, 000.00 and maximum of K500, 000.00

2nd cycle a minimum of K600, 000.00 and maximum of K800, 000.00

3rd cycle a minimum of K900, 000.00 and maximum of K1, 500,000.00

15.4 INTEREST

All the loans have an interest of 20% for the three cycles.

15.5 LOAN RECOVERY

A grace period of one week is given from the time a loan is paid. Loans are recovered in small amounts. On meeting day's money is collected from loanees by an officer who maintains a register of creditors. Collection is made weekly on one of the meeting days. A client is given one year to pay back the loan. Weekly payments keep the bank's money revolving so that others can take loans. The payments are also smaller than monthly payments, so they are easier for the vulnerable to manage. (Education Curriculum and Training Associates Pact 2000)

15.6 ADDITIONAL LOANS

Additional loans are called fresh loans these are given to the beneficiaries to booster their business, whilst they have another loan running. When one pays

back half the amount of the loan, one can apply for a fresh loan. The fresh loan can be K250, 000.00 to K500, 000.00.

15.7 OTHER LOANS

Micro Bankers Trust as an organisation providing loans to vulnerable groups has different types of loans to cater for different areas of interest. Agriculture is one of the areas that are covered and the targets are in two categories.

The first type is loans given to peri urban farmers to purchase irrigation equipment. This has a three years loan term and has 6% simple interest per annum. Three months grace period is given before starting to pay back the loan. The loan is paid back three months interval and it is paid four times quarterly in a year.

The criteria used in selecting clients for loans for irrigation is that one should own a piece of land, have available source of water throughout the year and manage a simple business in farming. This type of loan requires one to have collateral in form of fixed assets such as land and title deeds for a house.

The second type of loans for farmers is for small-scale farmers and the target in this area are the vulnerable but viable farmers. In other words these are the poor farmers that have potential to do a lot in farming but have no financial capital to booster their farming activities. However, given a bit of support this target group has proved that they can expand their production in farming.

These are also considered on conditions that they have a piece of land, able to give collateral in terms of land or title deeds. Those without collateral are encouraged to form a cooperative that acts as guarantees. The loans given to small-scale farmers are for purchasing motorised pumps, fertiliser and seeds.

Other agriculture loans are for small livestock, dairy, proxy make a programme for oxen mechanization and commerce and trade.

15.8 SIMPLE BUSINESS MANAGEMENT SKILL

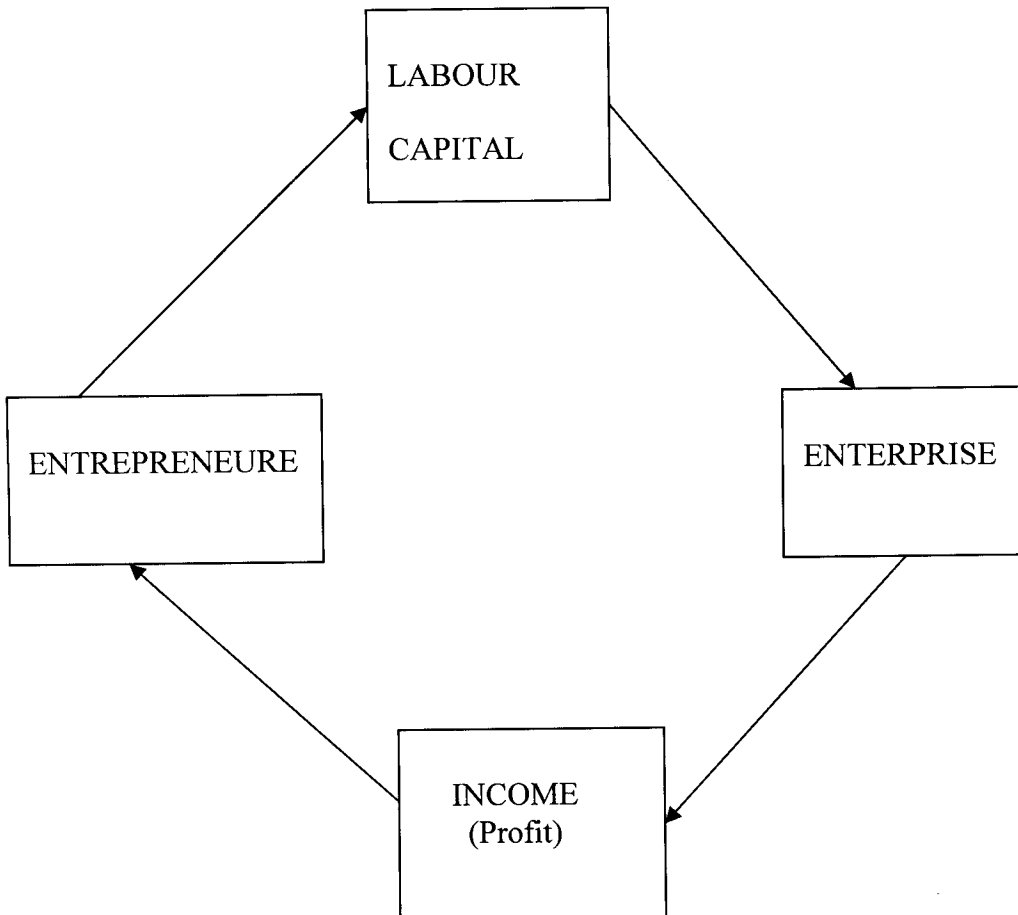
The training is simple to accommodate the educational levels of the participants in the community. It usually starts with simple question, such as

- What is important between the Entrepreneur and Enterprise?
- What makes Enterprise fail?

The questions help to opens up discussion with the participants so that they start thinking and participating. Enterprise is more important than the entrepreneur because it employs the entrepreneur and generates an income. The enterprise is the business one is managing, for instance a shop, market stand or ntemba. While an entrepreneur is the person managing a business. The enterprise fails because the entrepreneur uses the capital on wrong things for instance sickness and other personal problems. It also fails because of theft, funerals and laziness.

Figure 15.8.1

SIMPLE BUSINESS MANAGEMENT SKILL



NOTE

Capital – Resources required for purchasing goods for the business such as money Labour –

Human efforts

Entrepreneur – Person managing the business

Enterprise – The business for instance the shop or Ntemba

Profit – What is gained from business without capital?

15.8.1 SUCCESSFUL BUSINESS

For a business to succeed the entrepreneur should have “know how” or knowledge of business management. The entrepreneur should put herself/himself on a salary to avoid the following:-

- Getting money from the business which is termed as stealing from the business.
- When one has a problem should not get money from business to solve the problem.
- Getting items or goods from the enterprise without paying
- Entertaining friends or relatives at the business “Do not mix business with pleasure.

It is important to make the enterprise and entrepreneur get along. Arrangements should be made from the start on how much the entrepreneur should earn as a salary. The salary should be within the profit made by the enterprise. It should not take up all the profit but leave some for expansion of the enterprise and saving.

In times of problems, the entrepreneur should borrow money to solve problems. It would be right and safe to borrow else where and not from the business so that there is some kind of force to pay back. If you want to entertain visitors at the enterprise or shop, you should buy from the business using money from your salary, for instance at a bottle stall do not give free drinks, as this will affect the enterprise.

15.8.2 PREPARATION FOR A DAY

First thing in the morning, check the money, how much do you have for the business and how much are you carrying for the business. During the day, write the money you spend. In the evening at the close off business, count the money, how much you have knocked off with. This will help to know whether you have worked well or not. Table 15.8.1 gives an example of how to record a business transaction.

Table 15.8.1

DAILY MANAGEMENT

DATE	DETAILS	CASH IN	CASH OUT	BALANCE
13/03/08	Opening Cash	200,000	-	200,000
13/03/08	Transport	-	10,000	190,000
13/03/08	Tomato boxes	-	160,000	30,000
13/03/08	Bananas wages	-	15,000	15,000
13/03/08	Sales	110,000	-	125,000
	Total Cash In	310,000		
	-Opening Total Sales	200,000		
	-Total Cash Out			
	Net Lose	185,000		
		75,000		

NOTE

Started off the day with K200, 000

Did not make profit on 13th March 2008

CHAPTER 16

16.0 ANALYSIS

Information is mostly disseminated through friends as they share their experiences. Once the information is received it builds to form knowledge that is obtained as perception of fact, truth, or cognition of the idea. The new applicants of MBT have little knowledge at the initial stage. The knowledge increases at community meetings where the field officers give lectures, explain and clarify any misunderstanding. The interaction with officers is very important it helps in reinforcing change of attitude. The field officers in their discussions use persuasion as a strategy to gain community members towards the adoption of their programme.

Messages used in persuading the community members are set to suit their organisational policy. MBT has a Corporate Agenda designed to disseminate to the target audience. Training is offered to clients to ensure that the organisational guidelines are followed throughout the process. The organisation has a framework which is straightforward, simple and clear to understand and follow. It is generic can be used in all situations aiming at planning for development. The terminology used is user friendly, even at community level the language can be understood and easily adopted.

Planning for a community project is about communication with various stakeholders especially the end users, it is therefore important to have a simple framework, which allows full participation in the planning process. It brings the planners together with the end users to have a common approach to preparing a way forward to solving a situation which can be political, social or economical. The framework should have a component of research with the problem identification backed by research; it can be past or recent research on an issue and closed up to a focal problem.

Objectives of MBT are clear and specific they bring out the desired outcome. Operational activities are outlined to tackle the situation on how things ought to be done and these activities are tied to the period, budget, responsible persons or centres/groups, target, and input.

The organisation also has alternative strategies for the plan of action in case the original plan fails to work out. For instance when a member fails to pay back the group members are made to pay for that member. Evaluation is done throughout the implementation; during the weekly meetings Field Officers evaluate the progress of the programme in centres.

The organisation manages to maintain the micro finance programmes through close monitoring and counselling of members during the field visits by the Officers. Leaders for centres and groups help in persuading members to commit themselves to the programme requirements. Monitoring allows going back and forward for feedbacks and ensuring that the plans and implementation are within the context.

Tactics are used by the organisation to ensure that the loans are paid back. For instance group members are made to pay for a member who fails to pay back the weekly payments. They have to contribute the amount that the group fails short of in case one of the members is absent during their weekly meetings. Also the savings that members are made to bank with the MBT protect the organisation from running at a loss.

Information from those who benefited encouraged most of the people to apply for loans because their information is backed with practical evidence of the achievements from the loans. Diffusion theory occurs as those with the knowledge of micro finance interact with others and communicate the new idea to one or more people. Positive response is noted through the high numbers of

applicants, who have learnt from others and seen the outcome of their loan. (Rodgers 1973, p78)

Population in areas where micro finance institutions operate have more access to information on micro finance. There is interpersonal communication, which involves face-to-face exchange between a source and a receiver (Ibid p48). A lot of information is disseminated by their clients both old and new clients. Areas where micro finance institutions have not reached do not know much about micro finance. The little knowledge they have is either acquired through media such as print media, radio and television, friends, relatives and churches.

Access to information is not wide because most of the micro finance organisations do not publish on a large scale such as mass media. Mainly these organisations depend on their field officers to disseminate the information through community meetings and workshops. The opinion leaders such as the chairpersons of the groups further pass on information to their close associates.

The loan programme has had an impact on many people. From the training that is provided knowledge on simple business management is acquired. The training has changed the attitude of people in the way they take business. They apply the simple business management skill, which has an economic theory of commitment, discipline and profit making.

Micro Finance as a safety net for poverty reduction has helped in building the economy. It has stimulated economic activities that many people have embarked using their initiatives. Women have become economically active; the programme gives them the opportunity to use their skills to better their own lives instead of relying on husbands. Many have improved their quality and quantity of meals, children who were out of schools due to inability to pay for school fees are back in school and there is improved ability to access to health care and medicines. It has cultivated a culture of saving in women as they are encouraged to save some

money with MBT after getting a loan and whilst managing their businesses. Some beneficiaries have acquired fixed assets such as houses through the MBT loans.

CHAPTER 17

17.0 CONCLUSION

In conclusion, micro finance is an intervention of the unemployment crisis; it addresses the gap in the labour market and the failure of the banking sector to provide financial services to the poor. The structural adjustment deprived most of the Zambians who were breadwinners of their sources of income. The poverty levels increased at alarming rates to the extent that most of the families could not afford having three meals a day.

Micro finance has played a role in eradicating poverty, by providing loans as capital to the poor to be able to manage small businesses. Many non-governmental organisations have reached out to provide financial services to the poor so as to help them have a sustainable livelihood. It has increased access of the poor to financial services by reaching out to the grass roots.

Through micro finance women have been empowered with the capital and knowledge of fitting in the business sector. Women have become equal partners in development as they are able to contribute to national development, through their various income generating activities. Their efforts may seem little but these go a long way as they have genuinely become breadwinners for most of the families.

Micro finance has noted an improvement in gender equality; with their employment status women are able to make decisions at different levels. Unlike the time most of them were housewives and had no exposure, they had no recognition and therefore could not be involved in decision making.

MBT is one amongst many leading institutions in Zambia. It has gained popularity because of its effective and efficient communication strategy that embraces the grass root level to the top. The organisation structure has links with the community through the community leaders.

Micro Bankers Trust has improved the capacity of the local institutions to deliver microfinance services. Community leaders have been trained in leadership skills which they apply in organising the centres and groups. The Spirit of volunteerism is developed in the community in delivering MBT services as most of the work done at the centre meetings has no incentives.

Information flows from top to bottom through different channels however, it has not spread to many communities for easy access. In Lusaka only a few compounds have access to MBT as it is confined to operational areas. Its operation is limited to a few staff called field workers who are the main channel of communication to clients.

Commitment to working with little income has proved that people are able to do a lot. With the small loans the beneficiaries use it for production and not leisure. The small loan encourages looking for business ideas which can quickly sell so that one is able to raise enough to make weekly payments. The attitude changes of having a poor credit mentality to that of commitment, able to pay the loan.

However, Micro Bankers Trust has to comply with the central bank regulations which need a high level of efficiency. Focus on social objectives may be affected by its transformation to regulated institution. It requires a high amount of investment for expansion to new areas.

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APPENDIX 1

QUESTIONNAIRE FOR MICRO FINANCE SURVEY

Your answers on this questionnaire are strictly for academic purposes and will be treated as confidential. Kindly, circle the answer and write where it is appropriate.

Section A

1. Residential (1) High density (2) Medium Density (3) Low density
2. Sex (1) Male (2) Female
3. What is your age? (1) 18 -23 (2) 24-29 (3) 30-35 (4) Above 36
4. Are you in the informal sector? (1) Yes (2) No
5. If answer to question 3 is yes, do you own a business? (1) Yes (2) No
6. If answer to question 4 is yes, when did you start your business?
 - (1) After retrenchment
 - (2) Before retrenchment
 - (3) Other reasons (indicate).....
7. What type of business are you running?
 - a. Catering
 - b. Tailoring
 - c. Stationery
 - d. Other businesses (indicate).....
8. Did you start your business using your own capital?
 - (1) Yes
 - (2) No
9. If answer is no to question 7, where did you get the capital?
 - (1) Family or relatives
 - (2) Friends
 - (3) Bay port
 - (4) Others (indicate).....
10. What was the arrangement for the capital you got?

(1) Grant or gift

(2) Loan

Section B

11. Do you know about Micro finance institutions?

(1) Yes

(2) No

12. If answer is yes to question 10, how did you know about Micro finance Institutions?

(1). Friends

(2). Family or relatives

(3). Media- radio, television or internet

(4). Work place

(5). Others.....

13. Did you apply for a loan at Micro Bankers Trust?

(1). Yes

(2). No

14. If answer is yes to question 12, what made you apply for a loan at Micro Banker Trust?

(1) Messages on interest were attractive

(2) Messages on the loan scheme were convincing

(3) Messages from friends

(4) Messages from beneficiaries

(5) Others.....

15. When did you apply for the loan at Micro Bankers Trust?

(1) 1996 – 1998

(2) 1999 – 2001

(3) 2002 – 2004

(4) 2005 – 2007

16. Have you undergone any training in how to manage a business?

(1) Yes

(2) No

17. If answer to question 16 is yes, who trained you?

(1) Micro Bankers Trust

(2) College

- (3) Friends
- (4) Family / relatives
- (5) Other.....

18. How useful is the training to your business?

- (1) Very useful
- (2) Useful
- (3) Slightly useful
- (4) Not useful
- (5) Not applicable

19. What were you trained about?

- (1) Entrepreneurship
- (2) Financial Management
- (3) Sales Marketing
- (4) Purchasing

20. What did you understand well about the training?

.....

21. What didn't you understand well about the training?

.....

22. From your business are you able to save money?

- (1) Yes
- (2) No

23. Has your business made it possible for you to be able to provide basic needs for your family?

- (1) Yes
- (2) No

24. What improvement is there in your living standard?

Requirements	Highly Improved	Improved	Slightly Improved	No Improvement
Food				
Clothing				
Shelter				
Health				
Education for children				

Section C

25. What do you like about Micro Bankers Trust as an organisation providing loans?

.....

.....

.....

.....

26. What don't you like about Micro Bankers Trust as an organisation providing loans?

.....

.....

.....

.....

.....

In your own opinion, how do you think Micro Bankers Trust should improve its Services?

.....

.....

.....

.....

THANK YOU

APPENDIX 2

IN-DEPTH INTERVIEW AND FOCUS GROUP DISCUSSION QUESTION GUIDE

1. What do you know about micro finance services?
2. Who are the providers of micro finance services?
3. How did you know about Micro Bankers Trust?
4. What attracted you to apply for a loan at Micro Bankers Trust?
5. How accessible are the loans at Micro Bankers Trust?
6. What do you think about the training provided by Micro Bankers Trust?
7. Do you apply what you learnt from the training in managing your business?
8. Has the loan improved your standard of living?
9. What would you say has improved in your standard of living?
10. What would you say about the services provided by Micro Bankers Trust?

APPENDIX 3

OPERATIONAL AREAS PER-URBAN

LOCATION	GROUP NAME	LOAN TYPE	ACTIVE CASES	NEW CASES	CLOSED CASES	TOTAL CASES
Kalingalinga			61	25	4	86
Makeni	Sangalala		30			30
Chelstone	Twesheko Widows		30			30
Ngombe		MPR				
Chilanga	Taonga	FA	30			30
	Mute		10			10
	Agape		20			20
Kanyama	Twenco		20			20

NOTE

MPR – Micro Programmes

FA – Financial Association

Ind – Individual loans

Irrig- Irrigation loans

APPENDIX 4

OPERATIONAL AREAS IN RURAL SETTING

LOCATION	GROUP NAME	LOAN TYPE	ACTIVE CASES	NEW CASES	CLOSED CASES	TOTAL CASES
10 miles						
Ngwerere		Diary	28			28
	Wazanji		30			30
Lusaka West	Dzipelekeni		30			30
Mpepe						
Katuba			10			10
Chongwe	Farmers	Irrig	7			7
Kabwe	Farmers	Irrig	22			22
Mwembeshi	Mungwiri Rd Farmer		1			1
Chibombo	Farmers		36			36
Kafue						

NOTE

MPR – Micro Programme

FA – Financial Association

Ind – Individual loans

Irrig- Irrigation loans