

MICRO-FINANCE IN RURAL COMMUNITIES IN SOUTHERN AFRICA

Country and Pilot Site Case Studies, Policy Issues and Recommendations

The Integrated Rural Development Program (IRDP) is a core initiative in the W. K. Kellogg Foundation Africa portfolio of programmes, which aims to reduce poverty and improve the quality of life of rural communities. A component of this programme is to help capitalise locally based enterprise development initiatives by stimulating the provision of and access to micro-finance in rural areas. Three sites have been selected to pilot the introduction of this and other IRDP activities. These are: Chimanimani (Zimbabwe), Chimoio (Mozambique) and Nyandeni (South Africa). As part of this initiative, the Human Sciences Research Council (HSRC) based at Pretoria has conducted an evaluation in three key sites of the IRDP to evaluate the implications of implementing a micro-finance scheme in these areas.

While micro-finance in its various forms has helped to make loan capital more accessible to low-income rural communities, much remains to be done to increase its outreach, impact and sustainability. The essential objective of this study is to make well-researched recommendations for IRDP policy and strategy to enable the micro-finance agents that it will shortly be appointing to maximize improvements in these key indicators in the three pilot sites.



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Country and Pilot Site Case Studies, Policy Issues
and Recommendations

PREPARED FOR THE INTEGRATED RURAL DEVELOPMENT PROGRAM OF THE
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Glossary

ACAT	African Co-operative Action Trust
ADAF	Agricultural Development Assistance Fund
AFC	Agricultural Finance Corporation of Zimbabwe
AFRACA	African Rural & Agricultural Credit Association
AGRITEX	Agricultural Technical & Extension Services
BAAC	Bank for Agriculture & Agricultural Co-operatives
CAP	Credit Against Poverty
CARE	Concerned Americans for Relief Everywhere
ITDG	Intermediate Technology Development Gap
CASS	Centre for Applied Social Studies, University of Zimbabwe
CBZ	Commercial Bank Of Zimbabwe
CCDR	Corperativa de Credito para o Desenvolvimento Rural
CCM	Conselho Cristao de Mocambique
CGAP	Consultative Group to Assist the Poorest
CSO	Central Statistical Office
DGRV	Deutscher Genossenschaft und Raiffeisen Verband
FCPL	Food Consumption Poverty Line
FPL	Food Poverty Line
FRELIMO	Frente de Libertacao de Moçambique
GB	Grameen Bank
GMB	Grain Marketing Board
GTZ (ISTARN)	Gesellschaft fur Technisches Zusammenarbeit (German Development Corporation) (Informal Sector Training and Resource Network)
IDDP	Initiative for Integrated District Development Programme
IFAD	International Fund for Agricultural Development
ILRP	Inhambane Livelihood Recovery Programmes
IRDP	Integrated Rural Development Programme
LSM	Living Standards Measurement
MDC	Movement for Democratic Change

MFI	Micro-Finance Institution
MFRC	Micro-Finance Regulatory Council
MIS	Management Information System
MMF	Mozambican Micro-Finance Facility
MSE	Micro and Small Enterprise
NASASA	National Association of South Africa of Stokvel Associations
NGO	Non-Governmental Organization
NHFC	National Housing Finance Corporation
PARPA	Plan for the Reduction of Absolute Poverty
POSB	Post Office Savings Bank
PPPP	Public Policy Promotion Programme
RDC	Rural District Council
RENAMO	Resistência Nacional Moçambique
RDDC	Rural District Development Council
ROSCA	Protecting Savings and Credit Associations
SACCO	Savings and Credit Co-Operative
SACI	Specialized Agricultural Credit Institution
SAFIRE	Southern Alliance for Indigenous Resources
SBP	Sustainable Banking with the Poor
SDI	Spatial Development Initiative
SME	Small and Micro Enterprise
SMME	Small, Medium & Micro Enterprise
SOCREMO	Sociedade de Credito de Mocambique
TCPL	Total Consumption Poverty Line
USAID	United States Aid Agency
WKKF	W.K. Kellogg Foundation
ZAMFI	Zimbabwe Association of Micro-Finance Institutions
ZANU (PF)	Zimbabwe African National Union
ZAPF	Zimbabwe Agricultural Policy Framework