

## **Skjema for evalueringsdatabasen**

**Name of organisation:** Plan Norway

**Local partner (s):** Plan Malawi

### **About the evaluation:**

**Evaluation year:** May 2008

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**Country:** Malawi

**Region:** Southern Africa

**Theme/DAC sector:** Livelihood and Economic Security

**Sub Theme:** HIV/AIDS

### **Summary of the evaluation:**

**Title of the evaluation report:** *Community Based Microfinance Program Evaluation*

### **Background**

The Community Based Micro Finance Project was implemented by Plan Malawi in its Northern Program Unit in Mzuzu / Mzimba district in some parts of Traditional Authority Mtwalo and Kapingo Sibande. The project was implemented in partnership with the Livingstonia Synod AIDS Program (LISAP). Care Malawi was instrumental in providing technical support for rolling out of this intervention which was based on its Village Savings and Loans (VSL) Model which was developed and tested in West Africa and latter on replicated to other CARE Program Countries including Malawi. The VS&L scheme allows participants in the project to earn interest on their savings and to access loans in useful amounts suited to their needs. Loans are used for income generating activities, social obligations and emergencies.

The goal of the microfinance project is to improve livelihoods of participating households by improving access to disposable income, thereby enhancing social and economic capital within their communities. The project deliberately targeted women especially the poorest households affected by the impact of HIV and AIDS, to be able to economically empower them to improve their economic security through active participation and benefit in a viable savings and credit scheme. The intended effect of this intervention is to benefit children and other members of the targeted households to meet their basic necessities as a result of enhanced access to the community based financial services.

### **Purpose/objective of this evaluation**

The purpose of this evaluation was to assess the extent to which the project fulfilled the set objectives and produced intended results. Therefore the evaluation focussed on investigating the social status of the targeted population i.e. occupation, age, family size etc and also probing into their motivation for joining the Village Savings Groups. The evaluation also looks at the impacts the program has made on the targeted households if this is in line with intended outcomes. In addition the evaluation assess the effectiveness of the partnership between LISAP, CARE and Plan and document and disseminate key lessons learned during the pilot phase that can inform implementation of future projects.

### **Methodology**

The evaluation concentrated on the groups which had at least completed one cycle of savings and credit i.e. completed at least 56 weeks in order to measure outcomes and impact more meaningfully. Most of the groups sampled were therefore dominantly women's groups because mixed groups are rare in this project and the men's groups (with limited membership) are only 10 of the 173, and most had only been recently formed at the time of the evaluation. Most of the members of the VSL are married with an average of 6 dependent children. The study comprised of a series of consultations with LISAP and PLAN as well as in-depth consultations with VSL and some aspiring VSL members through Focus Group Discussions and through a semi structured questionnaire. A Wealth Ranking exercise was also conducted on two VSL groups to serve as a basis for gauging the wealth categories of VSL members.

### **Key findings**

1. The project is considered relevant and addressing the microfinance needs of the targeted poor households, especially in enhancing women's empowerment and support to families affected by HIV and AIDS in the area. Plan Malawi launched a feasibility study to determine challenges in accessing micro finance services and gaps to be filled.
2. The evaluation concluded that the project made some positive gains in the lives of the participating members particularly through increasing access to income and loans which has consequently led to:
  - a. Increased access to agricultural inputs and paid arm labour, food (the respondents also note that there has been general improvement in nutritional intake) and household assets and also increased capacity of the participants to pay school fees and other school related expenses for their children. In assessing the VSL members' ranking of how the VSL had impacted on their lives, the evaluation concluded that the project affected the critical areas which were the basis of motivation for the members' joining the scheme.
  - b. Improved response to emergencies as a result of increased access to welfare funds in times of eventualities.
  - c. 50% of the VSL members are now reported to be operating a business
  - d. Increased respect for VSL members most of whom are women who are being recognized and now being assigned leadership roles in

community e.g. as treasurers basing on the record keeping skills they have developed from the VSL

- e. The project is also believed to have made a contribution to mitigating the impact of HIV AIDS in that it led to reduced risk of HIV contraction as women have become more financially independent, thus protecting them from sexual exploitation, increase amount and value of support available to the sick and orphans i.e. particularly for food and nutrition, schools fees, clothes etc
3. The project has overall introduced MK10Million (~71,500USD) into circulation through 174 VSL groups in 30 communities within a period of two years. In the target communities the VSLs have become recognized and reputable sources of loans as indicated by the respondents in this evaluation. This is attributed to ease of access, low interest rates and favourable repayment period with rules which are determined by the members. The fact that every repayment builds the members capital stock is another motivational factor.
4. The evaluation team however noted that in spite of all the backstopping support from Plan, there is limited organisational visibility of the same at community level.
5. There are limited systematic efforts in engaging the VSLs in activities that reduce HIV/ADS except in few isolated cases where some members do home visits for orphans and provide material<sup>1</sup> and moral support to People Living with HIV and AIDS.

**Recommendations:**

1. There is need to enhance Information Communication and Education which would also enhance Plan's visibility at community level.
2. Roll out business management training to support members to identify and engage in viable business ventures. Training of Community Based facilitators for the VSLs is one step forward to realising this goal and it is thus considered sustainable as the groups are community based. Business management training should be rolled out to all VSLs in order to improve efficiency in use of VSL loans by members;
3. Business Committees need to be trained in business management and VSL methodology as part of the activity decentralization and measures aimed at increased community involvement in decision-making.
4. HIV/AIDS activities, especially those related to care and support to PLWHAs need to be well coordinated systematic and should be group centred to achieve maximum impact on communities
5. More vulnerable women in the poor and ultra poor social groups may need to be systematically included in the groups. The idea of self forming groups is good but can also be discriminatory as some poor people may be left out

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<sup>1</sup> (e.g. using proceeds from sale of commodities in communal gardens)

- because of poor understanding of the concept of Village Banking. These may remain vulnerable and act as a reservoir for HIV and AIDS due to their precarious position. The gains made in other social groups may be negated by the continued losses of such people;
6. To widen the thinking of communities, there may be need for some exchange visits to areas where VSL members can see some best practices in areas of Village Banking.

**Comments from the organisation:**

1. The fact that over 40% of the VSL members have attained senior primary and none of the members are illiterate questions the inclusiveness of the project the strategy employed for women who completely lack education who are also likely to be the poorest. While the district where the project was implemented has higher literacy rates in the country, there are still significant pockets of illiteracy that should have been captured. The evaluation fails to investigate how this aspect could be strengthened in the project.
2. The baseline should have been designed to measure status of each VSL member on key indicators e.g. savings, access to credit, source of credit before the project etc. If this was done, the evaluation does not clearly and consistently refer to the specifically measurable changes that resulted from the intervention from a situation at start of the project.
3. It is not clear how the VSL deals with the time value of money i.e. in deciding on how much to be distributed does time of when given value remained in the VSL affect how much a share holder receives at distribution?
4. The Microfinance project is part of Plan Malawi's interventions for economic empowerment of women. Plan Norway's support is as a contribution to overall program which started in 2005/6.