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**Women's Savings and Credit Co-operatives in Madagascar:
Impact of 'Credit with Education' on Member's Quality of Life**

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Abstract

Microfinance institutions are since several years seen as a good tool to alleviate poverty in developing countries. Madagascar is one of these countries where microfinance institutions are set up since the beginning of the nineties. The research project carried out was about a women's savings and credit co-operative, the Caisse Féminine. Subject of the study is the question if women's savings and credit co-operatives do have an impact on members' quality of life and living standard and if they help to alleviate poverty. Main outcomes of the research are an obvious improvement of monetary income and enhanced food security for members of the Caisse Féminine. After three years of implementation, the Caisse Féminine reaches its financial independence from its donor in the U.S.A. which can be seen as an indicator of success.

Introduction

The study was conducted on the humid and hot east coast of Madagascar in the region of Toamasina (Tamatave) which is the second biggest city and biggest harbour of the island. The area of research were rural regions towards the north of Toamasina. In the region of research, at Foulpointe, lives one of the 18 Malagasy ethnic groups, the *Betsimisaraka*. They are mostly farmers and fishers and belong to the poorest people of Madagascar.

The Caisse Féminine

The Caisse Féminine (CF) was set up in July 1998 (Rajohanesa et al. 1999: 6) in the region of Toamasina. There are urban and rural CFs. This savings and credit program was founded by "Credit with Education" – Freedom from Hunger (U.S.A.) and is attached to OTIV, an Canadian microfinance NGO but financed by the Catholic Relief

Service, U.S.A.. The program is based on the principles of the Grameen Bank credit programs. All financial transactions are made by local OTIV pay offices therefore the CF is directly linked to OTIV. In February 2000, 136 CFs existed which counted 3069 members (Enquête sur la satisfaction 2000:1). Aim of the CF is to fight poverty with the eradication of malnutrition by the means of education and giving credit. Target groups are the poorest women. Concerning its structure, one CF is composed of 4-6 groups and to every group belong 6 women. The group is liable for the single borrower and credits must be paid back weekly (Rajohanesa et al.1999: 10-13). The education lessons included in the program consist mainly in the treatment of children's diseases, children's nutrition and issues related to the microenterprise. Lessons regarding family planning are not given because it is against the principles of the catholic donor of the CF (Own inquiry 2000-2001).

Literature Review

Schrieder and Sharma (Schrieder and Sharma 1999) investigated the impact of microfinance on poverty reduction in 1999. In their literature revision they stated that simultaneous access to other inputs to be able to start an enterprise is important (Schrieder and Sharma 1999: 301). Investment-led benefit-impact studies showed, that one important factor is the extent to which households have access to other complementary inputs which affect the returns to credit especially for poor households (Schrieder and Sharma 1999: 302).

A further study, carried out in Bangladesh by *Rahman* (Rahman 1999) investigates the impact of microfinance programs on women in rural areas. Research objective was to find out the credit use within the households. In the study area many men took away the credit obtained by women and used it for their own purposes. Men even forced their wives to join a microfinance group in order to get a credit. Thus microfinance programs may lead partly to a deterioration of women's socio-economic situation because of their responsibility to pay back the loan causing them a heavier workload than before. In addition, microfinance programs may lead to a debt spiral for the household if members of the microfinance group are not able to repay their loans (Rahman 1999: 67-82).

Two surveys which researched the CFs in urban and rural areas in the region of Toamasina are showing the impact of the program 'Credit with Education'. In the first survey (Enquête sur la Satisfaction 2000) several interviewed women stated that they wish to include lessons on family planning in order to have more time between births. With the lessons on children's nutrition, they had problems with the practical application because of lack of ingredients (Enquête sur la Satisfaction 2000:3).

The second survey (Enquête sur la Caisse Féminine 2000) showed, that the credit helped two thirds of the families especially with regard to more and better food. A quarter of the women reported that self-instruction and education of children was improved. The credit helped in expenditures for medical costs and health care as well as for commodities for the house and clothes. For half of the women the credit was of little help, whereas for almost the other half, it assisted them very much. (Enquête sur la Caisse Féminine 2000: 2-3). These statements do not correspond to the findings in Bangladesh where credit for women could lead to very negative outcomes.

The most appreciated issues of the program were education lessons on improvement of enterprise, friendship and solidarity of women and education in general as well as credits. Negative issues of program for the members were the weekly repayment, lack of respect among one another and the group liability in case of repayment failure. With regard to food security in the past 12 months, one third reported that it stayed the same while for over half of the members it improved. For a few women food security worsened. For almost three quarters of the members, the income increased due to membership in the CF. One quarter stated that their income stayed the same or even decreased. Hence there is an evident improvement of financial income. (Enquête sur la Caisse Féminine 2000:2-3).

An informal pre-study which I conducted about 21 CFs shows, that several of the interviewed women are aware of their situation. They wanted to improve their quality of life. Some women found, that „rural women had to be improved“ and prefer a CF instead of a Caisse d'OTIV, which is a mixed pay office. A divorced woman who did not want to marry again said, that the CF gives her the possibility to care about her children independently. Some of the women stated, that learning and changes in thinking are important results of being a member of the CF (Les Caisses Féminines 2000: 2f).

Theory

For defining quality of life *Nussbaum's* (Nussbaum 2000) theory of *central human capabilities* served as basis. Her theory is that there are universal norms of human capabilities and certain of them should be central to a political discourse. These norms can be used in making comparisons across nations. *Nussbaum's* project is to develop a defensible set of cross-cultural categories (Nussbaum 2000: 35). A core statement is 'that each person is valuable and worthy of respect as an end, we must conclude that we should not look just to the total or the average, but to the functioning of each and every person. We must call this the *principle of each person as end* ' (Nussbaum 2000: 56). The central question is what a person is actually able to do and to be. This leads to the

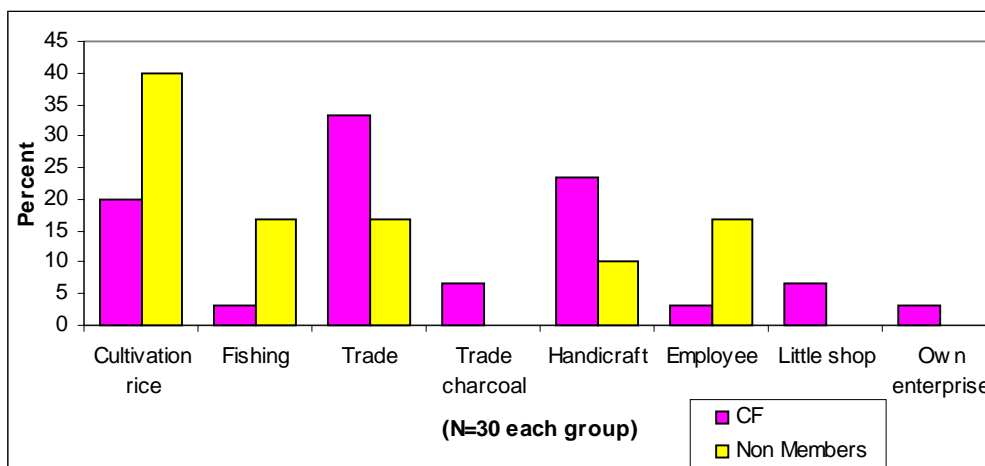
approach, that certain functions are particularly central in human life, in the sense, that their presence or absence marks the presence or absence of human life. The result of her reflections is a list with central human functional capabilities.

Methodology

The methodology used for the research combines a qualitative, a quantitative and a theoretical part. The qualitative part includes an informal pre-study about 21 rural CFs, five case studies and key informant interviews. From that a theory was developed with four hypotheses. The last part was a formal survey which was conducted in three villages and a small coastal town with 30 members of the CF and 30 non-members who were selected randomly. Statistical tests served for analysis of the survey data.

Results

As the Caisse Féminine existed only two and a half years at time of research, it is difficult to make statements about the impact on members' quality of life. Hence the presented results can only indicate trends.



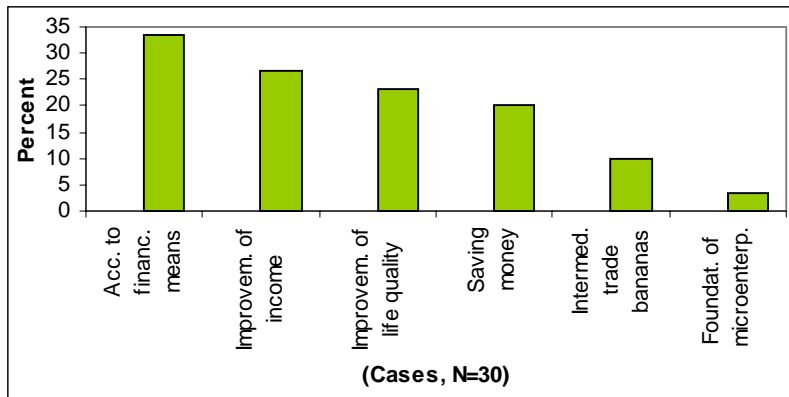
(Source: Own inquiry 2000)

Chi²-value significant at 0,05 level

Figure 1: Main income source CF-members and non-members

The main income sources for CF-members are trade and handicraft while for non-members rice cultivation is still the main income source (Figure 1). In the different income sources lies a significant difference between both groups. The main reasons for membership in the CF are access to financial means, improvement of income and improvement of quality of life. Two third of CF members are using their credits alone. In a few cases, the household head receives the credit, which may also be a female household head. Regarding time usage for daily tasks, two thirds of both groups spend between 0 and 3 hours per day on daily tasks. There is almost no difference between the

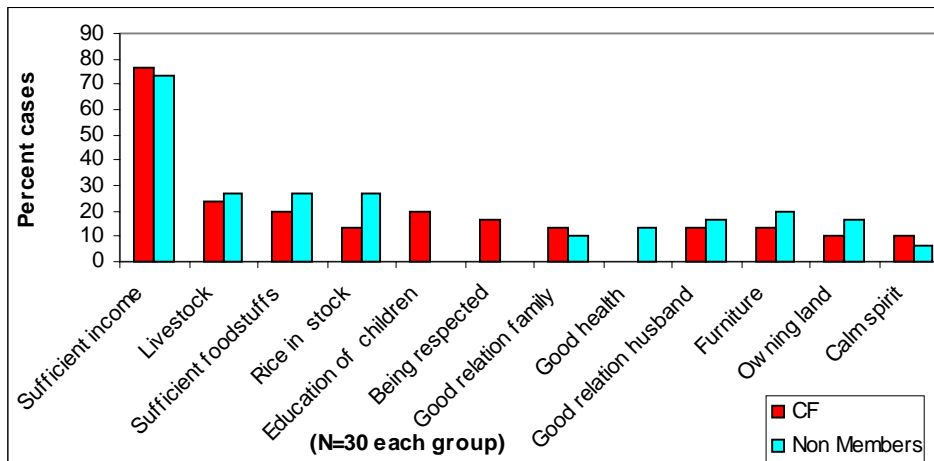
two groups. About one third of both groups needs 3 up to 9 hours daily for the tasks which consist mainly in fetching water from the river, cooking, work in the rice fields and washing clothes and dishes.



(Source: Own inquiry 2000)

Figure 2: Reasons for membership in the CF

Regarding the reasons for membership in the CF (Figure 2), access to financial means, improvement of income and improvement of quality of life are the main reasons. For CF members, immaterial indicators of a good quality of life constitute a share of about one third and material indicators of about two third. Non members found material indicators to be more important than immaterial ones compared with members of the CF.



(Source: Own inquiry 2000)

Chi²-value significant at 0,05 level for 'education of children', comparison of both groups

Figure 3: Indicators for a good quality of life CF-members and non-members

Sufficient income is the most important indicator for a good quality of life, followed by owning livestock/ zebus, sufficient food and good education of children. Here lies the significant difference between both groups: For CF-members, education of children is

important. Immaterial indicators are 'Being respected within the community', 'Having a good relationship with the family/ clan', 'Being in good health', 'Having a good relationship with the husband', 'Having a calm spirit' and 'Being able to participate in expenditures for ceremonies'.

Discussion

Concerning the survey results, there are almost no statistically significant differences between members of the CF and non-members which can be attributed to the short time of presence of the CF. A significant difference exists between both groups with regard to the main income source. Being a member of CF does not only lead to a diversification of economic activities but also to a main income source stemming from the new activity. Women member have a greater diversity of income sources than non members. This can be seen as an insurance substitute for the household in times of climatic or idiosyncratic risks such as regularly cyclones and inundations on the east coast of Madagascar. Rice yields are declining constantly and poverty increases in the whole country, hence an income substitute for agriculture is necessary.

Regarding the reasons for membership in the CF, not only the access to financial means and improvement of income were mentioned but also an enhanced quality of life. What is a good quality of life for the interviewed women? In the survey, they set up indicators for that. An impact of the program 'Credit with Education' can be seen in the statement of CF-members that education of children is an important aspect of a good quality of life. Rice, the staple crop in Madagascar, and zebus were mentioned at the second place of indicators. Both are forms of traditional savings and status symbols. The stated immaterial components of a good quality of life concerned mostly social relationships and expenditures for ceremonies. The latter play an important role in the society of the *Betsimisaraka*. People spend sometimes more than the annually income for ceremonies which are mostly attributed to the ancestor cult.

The credits obtained from the CF are used by two thirds of the members alone. This fact is not meeting the outcomes in above mentioned study of *Rahman* about women's savings and credit co-operatives in Bangladesh where the husband takes the credit obtained by his wife. As Madagascar is a partly christianised country and the original religion, the ancestor cult is still wide spread, women do have more freedom compared with strictly Islamic countries like Bangladesh. Time usage for daily tasks was a question to find out if the women – members and non-members – have enough spare time for other activities and if membership in the CF do create a heavy workload for the members. According to the statements in the survey both groups do have enough spare time for other activities.

Conclusion

Despite of the short time of set up, the CF reaches now its financial independence from the donor which can be seen as an evident indicator of success. Members of the CF do have a higher income and more food security. These are the most important improvements regarding their quality of life. The program 'Credit with Education' has also its positive impacts on the mental development of members. They become more aware of their own situation and remark an increasing self confidence. As a tool to do the first step in poverty alleviation, the CF and the program 'Credit with Education' is obviously valuable. But there are also negative aspects. The most important problem members have with the program 'Credit with Education' is the weekly pay back of credits. As women in the research region depend strongly on agriculture and members do sell agricultural products, they wish to obtain credits according to the crop seasons. The program oblige them to take up a new credit every four months. It is not allowed to adjust the program for meeting local conditions.

Limits of further success of the Caisse Féminine can lie in the bad infrastructure especially in the lack of education, health care and roads. Family planning is an important factor to enhance the quality of life of women in the research region. Another limit is malnutrition which is attributed to poverty and the cooking traditions in the study area which excludes fruit and vegetables despite the highly fertile soil. People on the east coast like to held expensive ceremonies and they drink much rum. Hence there is a ceiling with regard to economic growth. The question arises if economic growth is the most important aim for people in the research area. According to their own statements, it is a very important aim. On the other hand traditions like ceremonies and drinking are also important in the life of people. A balance is to find between the wish to have economic growth and the reality of life. Last but not least, a microfinance institution like the CF can not improve independently the living standard and quality of life of members if there is no improvement of infrastructure as it is the case on the east coast of Madagascar.

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