

Chapter 9

Processes, Challenges, and Outcomes of the Self-Provision of Micro-Credit Schemes by Women's Groups in Chókwè Region, Mozambique

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ABSTRACT

The majority of poor people in Mozambique have been excluded from getting loans, even from traditional financial institutions, since they do not have valuable assets or credit histories to enable them to be legible from those loans. This chapter focused on the self-provision of micro-credits by the community grouping from the 4th Neighbourhood in Chókwè district as the selected case study. This chapter examines and evaluates the effectiveness of micro-credit schemes in alleviating poverty and creating jobs for women. The chapter found that self-mobilization and solidarity were crucial in enhancing the self-provision of micro-credit schemes. The data for this chapter was obtained through the use of interviews with 20 women operating under self-credit schemes at 4th Neighbourhood in Chókwè region.

INTRODUCTION

Internationally, people are struggling because they are unable to access financial services, leaving them with limited income and job opportunities (Kato & Kratzer, 2013; Njiraini, 2015). According to the World Bank, 2 billion people, more than half of the world's adults, have no access to banking services (World Vision, 2019). When formalised microfinance is not available, families frequently have to rely on loans from traditional moneylenders who charge very high interest rates (Anyagbunam & Alaga, 2025). Money obtained could be put to use for investment in their farms and feeding their families. Thus besides the high interest rates make it impossible for the poorest families to break even and move out of

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this cycle of exploitation (Khursheed, 2022). Thus, the exclusion of the poor people especially women from the traditional financial institutions to access credit programmes in order to engage in livelihoods strategies to enhance their households' income and meet the basic needs, is a global concern especially in developing countries (Musau, 2015). This scenario has resulted in the emergence of global movement of both micro-finance institutions and community-based organizations with financial programmes tailored to the needs of poor people (World Vision, 2019). This chapter focuses on the self-provision of micro-credits by poor community-based groups in partnership with the World Vision. World vision is an international Christian NGO, which operates in Mozambique. The focus area of World Vision is to implement development programs to eradicate poverty in selected provinces in Mozambique. The majority of poor people in Mozambique do not have valuable assets or credit histories to enable them to benefit from loans, even from traditional financial institutions (Arnold, 2017).

For poverty to be addressed and jobs created, microfinancing is key. In essence, financial assistance in the form of micro-financial schemes, micro-enterprises should not only benefit the poor financially but should also empower them to manage and sustain their enterprises (Dias, 2007). Thus, loans are dispersed to facilitate localized development initiatives aimed at uprooting poverty and underdevelopment. As a result, a growing number of NGOs in Mozambique are engaged in micro-credit projects in partnership with poor community-based groups (CBGs), as a means of facilitating alternative financing. As a result of these micro-credit initiatives, local community groupings are able to initiate and run small businesses in partnership with NGOs. This thus allows poor communities to meet some of their basic needs such as housing, water, food security, education and health. Exclusion of the poor people from the traditional financial institutions to access credit programs in order to engage in livelihoods strategies to enhance their households' income and meet the basic needs, is a global concern especially in developing countries. This scenario has resulted in the emergence of global movement of both micro-finance institutions and community based organizations with financial programs tailored to the needs of poor people. Globally through micro-finance and community based organizations over ninety two million poor people have been reached out with more incidence to women, corresponding to 83%. The related benefits extended to 333 million family members (micro-credit summit campaign report, 2005; Reed, 2013). Nevertheless, globally it has been recognized that the financial programs tailored to meet the needs of the majority poor people may not be viewed in isolation. Therefore, the need to synchronize those tailored micro-credit programs with the perspective of the sustainable livelihood framework embedded with community development approach, which empower the poor people, especially women from the structural practices that are greatly linked to the exclusion of the poor communities from resources and opportunities (Bvuma & Marnewick, 2020).

This chapter is grounded on the self-provision of micro-credits by poor community-based groups in Chokwe District in Gaza Province in Mozambique. This type of micro-credit scheme is referred to as 'self-provision' since the funds are used to promote micro-credit lending is from the contributions made within the group members themselves and not from an external agency (Marceno, 2018). Therefore, the chapter examines and evaluates the effectiveness of micro-credit schemes in alleviating poverty. Objectives were to: 1) explore the roles, opportunities and advantages of micro-credit schemes operate in the Chókwe region, 2) examine the impact of self-provided micro-credit schemes on women socio-economic empowerment in Chokwe's Region and 3) is to determine the challenges faced by women micro-entrepreneurs within the Chokwe Region.

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