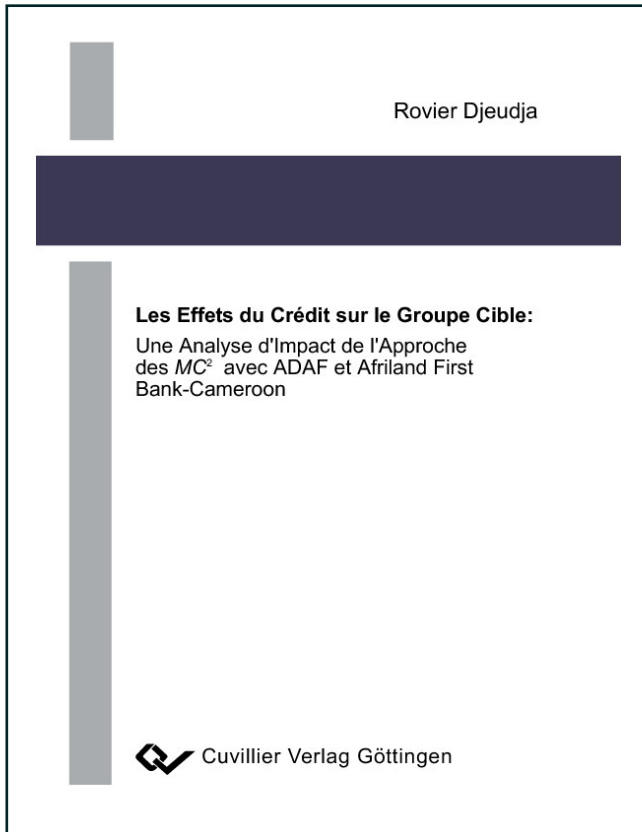




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Les Effets du Crédit sur le Groupe Cible: Une Analyse d'Impact de l'Approche des MC2 avec ADAF et Afriland First Bank-Cameroon



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SUMMARY AND CONCLUSIONS

THE CREDIT IMPACTS ON TARGET GROUPS:

An Analysis of the “MC²” Approach with ADAF and Afriland First Bank-Cameroon

The credit policy set up by development banks during the 1960s in developing countries did not benefit small farmers because of limited access to credits. In general, the policy failure to combat poverty and improve the living standards of rural poor has led to the emergency of the Rural Financial Market Approach in the 1980s. The latter favored the creation of financial institutions close to farmers. These institutions aim at providing farmers with adequate and sustainable financial services. The network of community credit organization (Mutuelle Communautaire de Croissance “MC²”) is one example for such private institutions in Cameroon.

This study analyses the “MC²” approach, which is supported by a non-governmental organization “ADAF” and a formal private bank: Afriland First Bank Cameroon. The work consists of four major questions: first, the analysis of different institutional components of the “MC²” network, second the exploration of the network sustainability, third the motivations behind credit demand and fourth the credit effects on network members in West Cameroon.

The following hypotheses have been tested:

- Impact Hypothesis: Household and Firm

The participation in the “MC²” approach leads to improvements in household’s welfare in terms of income, assets and equipments, food security, infant education, and health.

The participation in the “MC²” approach leads to growth and development of firms in terms of better management, professionalism, and income growth.

- Minor Hypothesis: Intermediary Institution

“MC²” banks are effective and sustainable.

Services offered to members meet their needs.

To achieve the research objectives, the study uses the longitudinal approach.

This approach consists of a *Base Line Survey* in 2003 and a *Comparison Survey*

in 2005. Data were collected in 2003 and 2005 from essentially the same “MC²” branches and their customers.

During the base survey, data were collected between January and February 2003 in the west district of Cameroon, which comprises 20 “MC²” branches. To be selected, each “MC²” branch must exist for at least five years. This criterion is important to cover old customers, who are relevant for the impact assessment, as well as the comparison. Once the first selection is performed and the number of “MC²” branches set to 10, we proceeded by random sampling to choose the “MC²” branches, where the survey was carried out. These include: Bandja, Baham, Bandjoun, Bayangam, Doumbouo, Bangou, Babouantou, Bamendjou, Bafou and Penka-Michel.

In order to assess the credit impacts, two groups of members were formed. The first group termed cohort 1, included borrowers, who received credit before or during 1998, that is about four years before the *Base Line Survey*. The second group termed cohort 0 covered members, who had not yet received any credits (control group). To avoid a self-selection bias, the control group was selected among the members of the “MC²” banks but who did not receive any credits. To make the groups comparable, the control group was chosen after selecting the cohort 1 based on the following criteria:

- reside in the same quarter as a credit beneficiary;
- own the same type of business as a credit beneficiary;
- own business in the same quarter as a credit beneficiary;
- be eligible for “MC²” credits.

The comparison of both groups was based on variables such as household income, benefit per activity, share of income used for household consumption, household assets, health expenditures, etc.

The qualitative analysis of the “MC²” network was performed using the focus group method. Discussions were centered on nine themes: interest rate, term of the credit and time periods for reimbursements, credit size requested and approved, selection procedure, collaterals, ex-ante training (before credit delivery) and implementation of activities and management advices (ex-post), bank deposit account required, flash cash, and cashier (reception, quality of service, and security of transactions). A total of 298 members were interviewed.

A linear regression model was used to analyze the determinants of credit demand. The Cobb-Douglas specification was applied to examine, whether the “MC²” system operates with economies of scale. The Wilcoxon test and the Gain Score Analysis (GSA) were utilized to compare some impact variables

(household income, benefit per activity, share of income used for household consumption, health expenditures) and measure the credit effects on the targeted groups. Primary data collection was based on standardized questionnaires, which were administrated during both surveys. Secondary data were collected from different “MC²” branches of the West District and “ADAF” and Afriland First Bank in Yaoundé. These data included various balance sheets and operating accounts.

Findings suggest that the “MC²” network of the West District is and will continue to be sustainable in the long term, if it increases its business size (savings and credits). The analysis of the economies of scale shows that the scale parameter associated with savings amounts to -0.48, which indicates that a 10% increase in the “MC²” bank’s savings leads to a 4.8% decrease in overall operating costs. The scale parameter associated with credit amounts to 0.07 and indicates that a 10% increase in the “MC²” credit volume leads to a 0.7% rise in overall operating costs. Therefore, the “MC²” network could take advantage of the existence of economies of scale in its business by offering more credit, but controlling for the risks.

Econometric analyses of the credit demand show that significant criteria existing within the “MC²” network may or may not favor credit demand. However, the adjusted R² is estimated at 0.46, which implies that only 46% of the variance of credit demand is explained by the model. It is challenging to capture every parameter that may explain credit demand. The “MC²” network is a joint management-based system that integrates the usages and customs of each region, where it has been established. Consequently, some socio-cultural factors exist which may influence customer motivations. A further analysis of these factors will likely provide an answer to the question: why or why not a credit is demanded in such a system.

As concerns the analysis of the membership in “MC²” banks, it is observed that among members, who did not receive any credits (cohort 0), memberships lasted for more than 10 years. This may be explained by the fact that some members are interested in securing their savings rather than taking a credit.

The “MC²” banks contribute to poverty reduction in offering financial services to the rural population excluded from the services offered by conventional banks. Research results suggest that in general, the “MC²” approach reaches the “very poor”. An important stratum of the underprivileged population has access to credit. About 40% of the credit beneficiaries belong to that population. However, there are significant differences between the groups of “very poor”, “poor”, “less poor”, and “non poor”, in terms of size ($P < 0,01$) and number ($P < 0,06$) of credits delivered.

Analyses of the beneficiaries' income show that the more the members encounter some business-related difficulties, the lower the share of income used for household consumption. Thus, the income generated by an activity has a considerable impact on the household consumption. This observation confirms the economic evidence, which suggests that activities generate income that is used to meet household needs. Furthermore, the results indicate that 51.1% of the interviewees taken as a single group, experienced in 2002 declines in activities against 58.6% in 2004. Likewise, the share of income used for household consumption decreased for 40.4% of the interviewees in 2002 versus 50% in 2004.

In comparing some variables between both groups, the study reveals that the cohort 1 benefited more in terms of investment in business, degree of professionalism, business management, household equipments, and better food diet. However, these benefits measured in terms of percentage decreased with time.

The qualitative assessment of the "MC²" system shows that the members have a fair knowledge of the approach and its tools. However, members pointed out the lack of information within the network, requested a raise of interests rates on savings, the cancellation of credit-related transaction costs, a better balance between the credit sizes requested and approved, and the reduction of credit approval time.

In sum, the study shows that "MC²" credit has visible effects on credit recipients. However it also shows that this effect decreases and may disappear with time. What is more, there is some positive progression of indicators observed within each group between 2002 and 2004. However, the Gain Score Analysis reveals no statistically significant difference between both groups, suggesting that some changes reported within the cohort 1 are not large enough to generate a difference between both groups. In addition to external reasons to the program (socio-economic problems), a low credit renewal rate may explain these small effects. Within the period between the first and second surveys (two years), 65 out of 139 former beneficiaries (47%) were delivered new credits. Only 5% of the members received credits for the first time within the same period. It seems therefore fair to say that there is rather a preference for saving in the "MC²" network. The relatively low renewal rate may also explain the reduction of the first credit effects in the long run.

Considering the above findings, one could draw the conclusion that the presence of a rural financial market such as the "MC²" network is necessary, but not sufficient for improving the living standards of the rural population and eliminating poverty. There is a risk that efforts made by this network may not

have their intended effects in the long run. It is therefore, important to complement the process of credit supply with macroeconomic and sector-specific measures. In Cameroon, agriculture is one of the most important sectors of the economy, providing employment for about 75% of the work force. Likewise, agriculture is the main income-generating activity for the rural population. Therefore, future macroeconomic and sectoral policies should consider the role of agriculture in the economy. The State should invest in rural areas in order to spur and reinforce the role played by microfinance institutions. State actions should be directed towards supporting a reliable marketing network able to cope with the growing needs of the population in terms of transportation and storage. In addition, a fair price policy is needed to insure substantial benefits for producers and support for research is important to generate agricultural innovations that improve productivity.

Government measures for combating poverty should include actions to reinforce the creation and promotion of financial intermediaries in order to meet specific customer demands. Measures such as, training, management, support for extension and institutions established in network or not, should be directed towards the development of institutional foundations for microfinance organizations. The organization of agricultural input sector, a legal framework, an appropriate taxing system, and a policy that secures customers' savings are necessary. It is also important to establish some professional organizations of microfinance institutions and a risk central. This will enable the information exchange and reveal faulty clients, and thus contribute to reducing the arrear rate in the sector of microfinance in the country.

The study identifies, amongst other things, two main causes for income reduction among members. These include illness and business related difficulties. Non-governmental organizations (national and international), as well as governmental institutions should provide technical assistance for proper credit management (business, household budget, market accessibility, and implementation of activities) and social assistance (family planning, health care, and education). Initiatives to create farmers' cooperatives and associations should also be supported. The above measures, if effective would benefit not only the "MC²" network (e.g. reduction of the arrear rate), but also enhance the credit impacts on borrowers. Well-trained and advised clients are unlikely to become insolvent. Training and advising would also reduce the risk of credit diversion. The lack of training, advising and monitoring is one the major causes of business failure and income reduction. Without adequate monitoring, borrowers manage poorly, lack self-confidence, and are unable to limit the risks and cope with uncertainty. The foreseeable results are increasing poverty and failure to improve the living standards of the population.

It is vital for borrowers to quickly take advantage of changing market conditions. Therefore, measures to reduce the time for processing credit demands are essential. A powerful delegation from the credit committee is needed to allow the secretary-treasuries and resident administrators to process and deliver credits sized to less than or equal to 50 000 FCFA.

Research results indicate that in general, the periods of food insecurity are short, averaging about 3.16 months. These months include the beginning of the academic year and the periods of seed and waiting of harvest by the farmers. Nevertheless, 65.7% of the borrowers reported to have suffered from food insecurity in 2004. The “MC²” banks could set up consumption credits to help borrowers sustain the periods of food insecurity.

A continuous and updated training of the “MC²” human resources is important to keep monthly reports skillfully. This will enable a permanent assessment of the network and generate reliable data for an effective management of the system. It is important to mention that data on savings and credits in 1999 were not available to us, thus limiting the scope of the work.

A reliable system of communication and information is required. Information deficit spawns great confusions among borrowers. Information about the management of the social share needs to be regularly announced and certificates established and distributed. It is all important to reinforce, explain, and disseminate information related to services offered by the “MC²” network.

Moreover, the network expansion policy needs to be reexamined. It is important to concentrate on regions with promising potentials rather than extending the network throughout the country. Existing institutions need to be consolidated. Given the work load required in monitoring and controlling established “MC²” branches and the related costs, concentration on regions with great potentials will allow reducing marginal costs pertaining to the business development. It is therefore important to analyze the market and make a good assessment of the conditions before establishing a new branch. Halt to the network expansion not only will it enable a better control of existing “MC²” banks, but will also help monitor and control borrowers.

In conclusion, establishing microfinance institutions is not a panacea. Nevertheless, rural financial markets provide different strata of the population with access to financial services to meet their diverse needs. In 1996, a study led by the Institute for Change and Social Innovation in Cameroon “OCISCA” revealed that less than 3% of a sample of 700 observations in rural areas received a credit. As mentioned by Sharma, Buchenrieder (2002), and Lapenu (2002), rural credit only is not enough to combat poverty. Besides credit,

development-oriented measures from the State, as well as other institutions are required. A number of questions need to be considered: Is credit likely to be beneficial if the borrower is unable to manage it well? Is credit likely to have positive impacts on the population if its road infrastructures and health conditions are poor, if it lacks running water, if macroeconomic conditions are weak and inflation is rising? In addition to favorable economic, social and political conditions, collaboration between organizations is important to create an environment conducive to poverty alleviation. As concerns private institutions offering rural financial services, the challenge resides in the assumption of the risk associated with development initiative, while securing client funds.

ZUSAMMENFASSUNG UND SCHLUSSFOLGERUNGEN

ZIELGRUPPENEFFEKTE VON KREDITEN: EINE WIRKUNGSANALYSE DES MC² PROGRAMMES DER ADAF¹ UND AFRILAND FIRST BANK-KAMERUN

Die Kreditpolitik, die in den sechziger Jahren in Entwicklungsländern konzipiert worden ist, nutzte Kleinbauern wenig, da der Zugang zu Krediten begrenzt war. In den achtziger Jahren jedoch hat das deutliche Versagen dieses Ansatzes in der Armutsbekämpfung zum Wechsel von der einseitigen, direkten Kreditvergabe zu einem holistischen ländlichen Finanzmarkt-Ansatz geführt. Dieser begünstigte die Entstehung neuer Finanzinstitutionen, die zum Ziel haben, nachhaltige und kundennahe Finanzdienstleistungen anzubieten. Das Netzwerk "MC²" (Mutuelles Communautaires de Croissance,) in Kamerun ist ein Beispiel für eine solcher privaten ländliche Finanzinstitutionen, die von der NRO "ADAF" und der formellen Bank Afriland First Bank-Kamerun unterstützt werden.

Das Ziel dieser Arbeit ist, den MC²-Ansatz zu analysieren. Dabei werden die unterschiedlichen Komponenten des Netzwerkes beleuchtet, dessen Nachhaltigkeit untersucht und die Motivationsstruktur erfasst, die der Kreditnachfrage zugrunde liegt. Dabei soll vor allem die Wirkung von Krediten auf die Netzwerkmitglieder in Westkamerun untersucht werden.

Es wurden folgende Hypothesen formuliert und getestet:

- Hauptthesen: Haushalt und Unternehmen

Die Teilnahme eines Haushalts an den MC²-Dienstleistungen führt zu einer Wohlfahrtssteigerung hinsichtlich des Einkommens, des Sachkapitals, der Ernährungssicherung, der Grundbildung und der Gesundheit.

Die Teilnahme an den MC²-Dienstleistungen führt zu Wachstum und Entwicklung von Unternehmen durch besseres Management und Professionalität.

- Nebenthese: Vermittlungsinstitution

Die MC²-Banken werden kosteneffizient geführt und sind nachhaltig.

¹ ADAF: Appropriate Development for Africa Foundation

Die von den MC²-angebotenen Dienstleistungen entsprechen den Bedürfnissen der Zielgruppe.

Zur Erreichung dieser Untersuchungsziele war eine Querschnittsdatenerhebung zu zwei Zeitpunkten notwendig, die jeweils aus einer Baseline-Studie in 2003 und einer Vergleichsstudie in 2005 bestand. Die Erhebungen fanden in der Westprovinz statt, die zur Zeit der Baseline-Studie, von Januar bis Februar 2003, ca. 20 operierende MC² zählte. Aus dieser Gesamtheit wurde eine Stichprobe von MC² ausgewählt, die vor der Datenerhebung mindestens 5 Jahre existiert haben, um dauerhafte und beobachtbare Wirkungen bei langjährigen Kreditnehmern zu untersuchen. Aus dieser Stichprobe wurden per Zufallsverfahren 10 MC² als Untersuchungsobjekte ausgewählt: die MC² von Bandja, Baham, Bandjoum, Bayangam, Doumbouo, Bangou, Babouantou, Bamendjou, Bafou und Penka-Michel.

Für die Messung der Kreditwirkung sind 2 Gruppen von Kreditnehmern ausgewählt worden, die hier als Kohorte 1 und Kohorte 0 genannt sind. Die Kohorte 1 besteht aus MC²-Mitgliedern, die mindestens 4 Jahre vor der Baseline-Studie, das heißt vor oder während 1998, bereits ihren ersten Kredit bekommen haben. Die Kohorte 0 hingegen umfaßt Mitglieder, die noch keinen Kredit erhalten haben und als Kontrollgruppe dienen. Um eine Selektionsverzerrung zu vermeiden, wurde die Kontrollgruppe unter den Mitgliedern der MC² Banken ausgewählt, die bis jetzt keinen Kredit erhalten hatten. Um die Vergleichbarkeit der beiden Gruppen zu gewährleisten, wurde die Kontrollgruppe nach der Kohorte 1 ausgewählt, und zwar nach den folgenden Kriterien:

- wohnhaft am gleichen Wohnort wie die Kreditnehmer;
- tätig im gleichen Wirtschaftssektor;
- tätig am gleichen Ort;
- Erfüllung der Voraussetzungen für einen MC²-Kredit.

Beide Gruppen wurden u.a. anhand folgender Variablen verglichen: Haushaltseinkommen, Gewinn aus verschiedenen Aktivitäten, Anteil des Einkommens für Ausgaben des Haushaltskonsums, Besitzgüter des Haushalts, Ausgaben für medizinische Versorgung. Daten von 2003 und 2005 wurden im Wesentlichen von den gleichen MC² und von ihren Mitgliedern gesammelt. Insgesamt wurden 298 Mitglieder befragt.

Die qualitative Analyse des MC²-Netzwerkes wurde mit Hilfe der "Fokusgruppen-Methode" ausgeführt. Die Diskussion konzentriert sich auf neun Themen: Zinsrate, Kreditbedingungen und Kreditlaufzeiten, Höhe beantragte und genehmigte Kredite, Auswahlverfahren, Garantien, Ausbildung vor und nach der Kreditvergabe, Sparkonten, Flash Cash und Servicedienstleistungen am Bankschalter.

Um die Faktoren der Kreditnachfrage bestimmen zu können, wurde ein Lineares Regressionsmodell benutzt. Mit Hilfe einer Cobb-Douglas Spezifizierung wurde die Existenz und die Größe von Skaleneffekten bestimmt. Der Wilcoxon-Test und die "Gain-Score Analyse" wurden genutzt, um einige Wirkungsvariablen zu vergleichen und die Auswirkungen der Kredite auf die Zielgruppen zu messen.

Die erste Datenerhebung basierte auf einem standardisierten Fragebogen, der für beide Erhebungen benutzt wurde. Sekundärdaten wurden bei unterschiedlichen MC²-Geschäftsstellen in der Westprovinz sowie der "ADAF" und Afriland First Bank in Yaunde gesammelt.

Die Ergebnisse bescheinigen dem untersuchten MC²-Netzwerk eine langfristige Nachhaltigkeit, wenn die Spar- und Kreditvolumen erhöht werden. Die Elastizität der Skalenparameter des Spargeschäfts beträgt -0,48, so dass die Geschäftskosten um 4,8% vermindert würden, wenn sich das Sparvolumen um 10% erhöht. Die Elastizität der Skalenparameter des Kreditgeschäfts beträgt (0,07), so dass die Geschäftskosten um 0,7% steigen würden, wenn sich das Kreditvolumen um 10% erhöht. Das MC²-Netzwerk könnte den Skaleneffekt nutzen, um mehr Kredite anzubieten und gleichzeitig das Risiko zu kontrollieren.

Die Regressionsanalyse der Kreditnachfrage zeigt, dass signifikante Kriterien des MC²-Netzwerkes die Kreditnachfrage oder Nicht-Nachfrage beeinflussen. Ein R² von 0,46 bedeutet, dass nur 46% der Variationen von Kreditnachfrage durch die Modellvariablen erklärt werden können. Alle Facetten der Motivationsstrukturen zur Kreditnachfrage konnten nicht identifiziert werden.

Die Analyse der Kundentreue bei der Kohorte 0 hat überraschend ergeben, dass diese, selbst ohne Kreditnahme, bis zu 10 Jahren dauern kann. Die plausibelste Erklärung dafür liegt in der Prioritätensetzung dieser Kunden und ihre Bevorzugung der sicheren MC²-Spardienstleistung.

Die MC² tragen zur Armutsbekämpfung dadurch bei, dass ihre Finanzdienstleistungen jene Bevölkerungsschichten erreichen, die vom Zugang zu klassischen Banken praktisch ausgeschlossen sind. Wie die Studie gezeigt hat, zählen rund 40% der MC²-Kreditnehmer zu den Armen. Es besteht jedoch ein signifikanter Unterschied zwischen den ärmsten, den armen, den weniger armen und den nicht armen Kunden hinsichtlich der genehmigten Kredithöhe ($P < 0,01$) und der Anzahl ($P < 0,06$) der gewährten Kredite.

Die Einkommensanalyse der Kunden zeigt, dass je mehr Schwierigkeiten bei den Geschäftstätigkeiten auftauchen, desto weniger wird das erwirtschaftete Einkommen für Haushaltskonsum ausgegeben. Daraus lässt sich ableiten, dass