

**An examination of the limitations faced by
women-owned SMEs in accessing the Zim-
AIED revolving credit facility “AgriTrade”
(2011 – 2013)**

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DEDICATION

This dissertation is dedicated to my dear wife Christabell and my children for their love, support and time sacrificed during the research period.

DECLARATION

I, Fidelis Tamangani, declare that I am the sole author of this dissertation, that during the period of registered study I have not been registered for another academic award or qualification, nor has any of the material been submitted wholly or partly for any other award. This dissertation is a result of my own research work, and where other people's research was used, they have been duly acknowledged.

Date.....

Signature.....

CANDIDATE

Date.....

Name.....

SUPERVISOR

Signature.....

SUPERVISOR

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ABSTRACT

The purpose of this study was to examine the main limitations faced by women-owned SMEs in the agricultural sector in accessing the Zim-AIED revolving credit facility (AgriTrade). The paper sought to identify the main limiting factors at borrower level, lender level and the Fund level that resulted in fewer women than men borrowing under the AgriTrade Fund. It also examined financing models that exist in Zimbabwe and globally which are promoting women access to credit. The study was carried out in the ten provinces of Zimbabwe by collecting data from women-owned SMEs that accessed loans under the AgriTrade Fund. The study also identified loan managers from the three AgriTrade partner banks namely CABS, Trust Bank and MicroKing, who administered the Fund during the period, 01 June 2011 to 30 September 2013. The study used a case study of the AgriTrade Fund and distributed questionnaires to a sample of 100 women-owned SMEs and ten loan managers from the three AgriTrade partner banks broken down as: two from CABS, two from Trust Bank and six from MicroKing. All the ten questionnaires from the loan managers were returned while a total of 65 questionnaires from women-owned SMEs were also returned, giving a response rate of 65 per cent. The main findings of the study showed that the main limitation for women's' access to the AgriTrade Fund were access to collateral, access to training, access to markets, ability to generate business proposals and financial information and the lack of business records. The age of applicants, marital status and level of education attained, influenced the decisions by loan officers and loan managers in loan approval. This study recommends that women-owned SMEs should get assistance from their spouses, families and friends on access to collateral, the preparation of business proposals, the preparation of financial information and the keeping of business records which are important for accessing business loans. Women should attend business training workshops, seminars and field days to gain experience in establishing and running their businesses which are a pre-requisite in applying for bank loans. Commercial banks were recommended to adopt loan assessment methodologies used by microfinance institutions (MFIs) which are suitable for SMEs. Banks which cannot establish stand-alone SME departments were recommended to collaborate with MFIs which have experience working with SMEs, both in the rural and urban areas. Developmental organizations such as NGOs and private companies were recommended to provide funding, specific for both start-up and existing women projects under the SME sector.

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Chapter One: Introduction

1.0 Background

Women entrepreneurship has become important in creating employment and increasing incomes, as well as addressing the gender balance in business in developing countries, including Africa and the rest of the world. According to (Kiraka *et al.*, 2013), women entrepreneurship is particularly important as it forms the Micro, Small and Medium Enterprises (MSMEs) which have become the key drivers of economic and social development in the African context and whose contribution to output and value addition is now substantial. Bardasi *et al.*, (2007), assert that overcoming gender inequality must be a high priority in policy development concerning women as they can be a potent force for accelerated poverty reduction. Singh and Belwal (2008), recognizes that women entrepreneurship is not only necessary for their economic survival, but also for strengthening the social system. Therefore, the promotion of women entrepreneurship development is vital for economic growth and development.

FAO (2011: 5) estimated that women, who comprise about 43 per cent of the agricultural labour force in developing country agriculture, are among the newly recognized actors in the agricultural value chains. Access to credit has become one of the most important factors that contribute to the success or failure of agri-business enterprises. However, despite this major recognition, the majority of women entrepreneurs all over the world have not been able to access formal credit through financial institutions. FAO (2011:5) also mentions that, although there have been advancements in the provision of products or services by financial institutions to increase access to credit by even small businesses, women-owned SMEs, which represent one market which has been considered high-risk, or untapped, continues to face challenges in accessing credit than those run by their male counterparts.

SMEs in Zimbabwe are not benefiting from formal credit through banks due to the persistent liquidity crisis now spanning over a decade, which has resulted in poor lending to all sectors of the economy. This research focuses on a case study of the Zimbabwe Agricultural Incomes and Employment Development (Zim-AIED) revolving credit facility (AgriTrade), a USAID funded program, whose main goal is to increase incomes and food security of smallholder farmers and generate income and rural employment for agro-businesses through increased agricultural production,

productivity, agro-processing and investment (Fintrac Report, 2013). The study aimed at examining the main limitations that women-owned SMEs faced in accessing the AgriTrade Fund, for the period 01 June, 2011 to 30 September, 2013.

1.1 Zimbabwe Agricultural Incomes and Employment Development (Zim-AIED)

The Zim-AIED program is a USAID funded project that is managed by Fintrac, a US-based consultancy company. Fintrac is implementing the Zim-AIED program in cooperation with four subcontractors and grantees: International Relief and Development (IRD); the Cooperative League of the USA (CLUSA); Sustainable Agricultural Technology (SAT); and CARE International. Other local Non-Governmental Organizations (NGOs) and commercial companies work with the program as development partners, in some cases, co-funded through a cost-sharing grant facility (Fintrac Report, 2013).

The Zim-AIED program which began in October 2010 and running through to February 2015 is providing technical assistance to improve food security and increase incomes of rural households farming mainly in communal land areas. Activities under Zim-AIED cover all agro-ecological regions focusing on specific low income areas where farmers have the potential to move from subsistence to small-scale commercial agriculture.

The program is generating new income streams from employment created in the wider agricultural sector and contributing to improved food security for all beneficiary households. Beneficiaries are earning new income from both surplus production of food crops grown for home consumption and from production and marketing of higher-value cash crops and livestock. According to Fintrac Report(2013), commercialization of small-scale farmers is being achieved by:

- Linking producers to local, national, regional, and international buyers.
- Providing access to credit.
- Raising efficiencies in production systems for an improved combination of cash and food crops.
- Training farmers to adopt good business practices.

The program is building demand for a range of Zimbabwean crops and products by training growers on productivity, quality, continuity, and cost-competitiveness. It is also providing specialized technical support for the production of food crops to increase food availability on a sustainable basis in areas and communities most vulnerable to food insecurity. Zim-AIED is a \$5 million facility which is being used to

leverage technical support for farmers through conventional grants, and also to fund purchases of essential inputs and new technologies on a cost-recovery basis, including interest at fair commercial rates. Zim-AIED also includes a \$10 million revolving loan fund, AgriTrade, managed by three local financial institutions that provide matching funds and provide loans on competitive commercial terms (Fintrac Report, 2013).

1.2 Zim-AIED's revolving credit facility (AgriTrade Fund)

The AgriTrade Fund is the Zim-AIED program's credit component that is being implemented by a subcontracting company; International Relief and Development (IRD). IRD is a Non-Governmental Organization (NGO) whose operations in Zimbabwe began in 2009 and started implementing the AgriTrade Fund in June 2011. IRD, through the AgriTrade Fund, has been providing support in the identification of potential clients among rural agro-traders and agro-merchants and the monitoring of the use of loans by borrowers to its three partner financial institutions it has been working with namely; CABS, Trust Bank and MicroKing.

IRD, through the AgriTrade Fund, has been assisting the partner institutions to develop loan products and improve bank systems that will enable direct lending to the agricultural sector. The AgriTrade Fund has achieved this through the injection of USAID funds among the three partner institutions to the level of \$2.8 million, the introduction of loan interest rates of 11 per cent per annum and 24 per cent per annum and loan tenors of up to 12 months for working capital and 36 months for capital investment (Fintrac Report, 2013).

Since inception, the AgriTrade Fund has been implemented through lending to rural agro-traders buying from communal farmers, agro-processors of crops and livestock buying from the rural agro-traders and rural agro-traders bringing inputs closer to the communal farmers in the form of seed and fertilizer. The AgriTrade Fund has also assisted traders to establish links with small-holder farmers for ready markets of their produce. The case study of the AgriTrade Fund is therefore important in identifying women-owned SMEs in the agricultural sector and examining the main limiting factors they face in accessing formal credit from financial institutions responsible for the disbursement of the Fund in Zimbabwe.

1.3 Small and Medium Enterprises

The legal definition of SMEs varies by industry and country. Mloyi (2011) identifies SMEs as small businesses in all economic sectors of Zimbabwe starting as low as

the corner vendor, the village cobbler, the growth point grocer shop, the backyard chicken producer, the cottage tailor and any other businesses that are small. According to Kushnir (2010), the choice of SMEs definition could depend on many factors, such as business culture; the size of the country's population; industry; and the level of international economic integration.

In the Zimbabwe context, SEDCO (2013) defines an SME as a registered enterprise that is independently owned, financed and operated, have fewer than 100 employees and have relatively little impact on their respective industries. The majority of women-owned agribusinesses under the AgriTrade Fund are run by individual owners while a few employ one or two permanent employees who take over the day to day running of the business when the owner is away (Fintrac Report, 2013).

Table 1.1: SME definitions used by Multilateral Institutions

Institution	Maximum number of employees	Maximum Revenue or Turnover (US\$)	Maximum Assets (US\$)
World Bank	300	15,000,000	15,000,000
MIF – IADB **	100	3,000,000	None
African Development Bank	50	None	None
Asian Development Bank	No official definition. Uses only definitions of individual national governments.		
UNDP	200	None	None

Source Gibson and Vaart (2008)

** MIF-IADB (*Multilateral Investment Fund of the Inter-American Development Bank*)

According to Gibson and Vaart (2008), the classification of SMEs is determined by the number of employees, revenue or turnover and assets value. This study adopted SEDCO's definition of an SME and focused on SMEs in the agricultural sector in Zimbabwe. The definition by SEDCO identifies SMEs in the agricultural sector, which starts as small businesses that are self-managed enterprises and grow to larger institutions, employing permanent employees not exceeding 100 people. SMEs have relatively little impact in the environment they operate, making access to credit one of the critical factors for their survival.

1.4 Women-owned SMEs in the agriculture sector in Zimbabwe

SMEs in the agricultural sector can be classified as primary producers, traders, processors and suppliers (International Finance Corporation, 2012). According to

Rubin and Manfre (2012), men and women enter the value chains as wage workers, farm managers, unpaid family workers and entrepreneurs. However, opportunities for participating in the value chains differ for men and women due to differing abilities in access to factors of production which include physical, financial and human assets.

Governments all over the world are initiating policies and practical measures that are aimed at promoting women participation in all sectors of their economies. According to USAID (2005), as economies liberalize and open their borders, women-owned and operated SMEs are engaging in international trade, enhancing the prominence and visibility of women entrepreneurs globally.

1.4.1 Primary producers

Women play a vital role as agriculture producers and as agents of food and nutritional security (World Bank Report, 2008). Women in Zimbabwe participate in farm production by growing crops and rearing livestock both in the rural and the urban set ups. According to Mehra and Rojas (2008), rural women produce half of the world's food, and in developing countries, estimated between 60 and 80 percent of food crops. Rural women engage in primary production either on family land or in community owned schemes.

This enables them to work closer to their homes and be able to take care of household chores during the day. These SMEs rely on agricultural farm production as their main source of income and livelihood. In urban areas, the urban dwellers have access to small pieces of land for undertaking peri-urban farming. The majority of peri-urban farming in Zimbabwe is for the production of horticultural crops and maize, which is the country's staple food, while livestock production is generally poultry (broiler and layer) production which can be done through their backyards.

1.4.2 Farm produce traders

Women-owned SMEs are also involved in farm produce trading, which includes the buying and selling of crops and livestock farm produce (Fintrac Report, 2013). SMEs in this category include agro-dealers and agro-merchants located both in the rural and urban areas. The majority of agro-dealers in Zimbabwe are micro-enterprises, which SEDCO identifies as businesses which are not formalized through legal structures, such as the registration in terms of the Companies Act or Partnership Agreement, while also agro-merchants can be classified as small to medium enterprises, with employees ranging between 30 to 70 (SEDCO, 2013).

Agro-dealers generally operate from growth points located near the rural households while a few are right in the core of the communities which can be accessed by almost all households in the area. Their model of commodity buying is by aggregating small quantities of agricultural commodities starting from the 50kg standard bags to tonnes of crop produce (FintracReport, 2013).

These agro-dealers are involved in inter-district or inter-province trade by moving produce from surplus areas to deficit areas. Agro-dealers in Zimbabwe also trade in livestock including cattle, poultry and goats. Livestock purchased from smallholder farmers is sold as live or after slaughter to abattoirs, butcheries and the general public.

Agro-merchants, on the other hand, are large buyers of produce compared to agro-dealers. Agro-merchants generally buy the aggregated produce from agro-dealers in quantities as high as 30 tonnes at once (FintracReport, 2013). Agro-merchants are able to buy these large quantities mainly because they have access to capital raised through own sources or as borrowed loans from financial institutions.

Trade in crops and livestock generally require that one spends some time away from home so as to aggregate quantities that, when sold, would generate some level of good profit. Most husbands in Zimbabwe do not allow their wives to spend days away from home, making this part of the agricultural value chain common to men. The few women who trade in farm produce either own shops and butcheries at growth points where farmers bring their produce directly for sale.

1.4.3 Farm inputs traders

Retailing of agricultural farm inputs undertaken by women-owned SMEs includes the purchase of agricultural inputs from manufacturing and distributing companies of fertilizer, seed, chemicals, stock-feed, farm tools, equipment and machinery for sale to smallholder farmers, in both rural and urban areas (FintracReport, 2013). The retailers generally operate small to medium hardware stores mostly at growth points in rural areas, as well as from nearby towns which can be accessed by smallholder farmers. Hardware stores located in urban areas also supply agricultural inputs to urban dwellers for peri-urban farming activities.

According to the SNV, Rural Agriculture Revitalization Programme (2012), a total of 744 agro-dealers are supplying agro-inputs to farmers in rural areas in Zimbabwe

through business relationship with input manufacturers and suppliers who provide the inputs to agro-traders through consignment stock arrangements. Women-owned SMEs in Zimbabwe took part in this initiative as it is a much easier project to venture into as compared to trade in crops and livestock.

Trade in agricultural inputs requires that a woman own a hardware store where she can sell agricultural inputs such as fertilizer, chemicals, seed, among others. The women entrepreneurs are able to buy the inputs in bulk from inputs suppliers in a day's time and store them in their hardware stores. Some men whose wives operate agro-inputs stores also assist them in restocking as it does not take much time to buy the commodities, as compared to aggregating crops and livestock from smallholder farmers.

1.4.4 Agricultural sector small equipment and machinery traders

There are very few women-owned SMEs that are involved in the buying and selling of agricultural equipment and machinery (FintracReport, 2013). The few that exist, trade in small farm equipment and machinery. The small farm equipment and machinery purchased and sold include small farming tools such as ploughs, knapsack sprayers, irrigation equipment such as drag horse pipes and risers, garden tools and others (FintracReport, 2013).

1.4.5 Processors

Women in Zimbabwe take part in the processing of farm produce by adding value to agricultural crop produce. This includes maize, sorghum, soybeans, sugar beans, groundnut and livestock like cattle, poultry, goats and pigs. Processors of farm produce purchase farm produce either directly from smallholder farmers or through agro-dealers and agro-merchants (FintracReport, 2013). These processors can be located at growth points in rural areas while others are in nearby towns and cities.

Farm produce processors in Zimbabwe can operate as small scale processors owning small processing equipment which include grinding mills; peanut butter processors and butcheries that processes various types of meat. The medium sized to large farm produce processors include enterprises owning large milling plants, abattoirs and others. Few women are involved in agro-processing mainly because the majority lacks the high capital for investing in equipment and machinery and for purchasing or renting industrial locations (FintracReport, 2013).

1.5PESTEL

1.5.1 Political environment

Farm production in Zimbabwe, in the 1980s, was undertaken by communal farmers, resettlement, small scale commercial farmers and large scale commercial farmers on crops and livestock. However, by 2009, the Fast Track Land Reform Programme (FTLRP) had resulted in the State taking over 7 million hectares of large scale commercial farmland and resettling over 160,000 families, of which 90 per cent were small-scale farmers (Vitoria *et al.*, 2012). As a result, primary production is now being largely undertaken by hundreds of thousands of smallholder communal farmers and a few thousand commercial farmers. The fast track land reform program which was condemned by Britain, America and some western countries, resulted in the souring of the relationship between Zimbabwe and these countries.

Since then, Zimbabwe has not been getting any form of assistance from the World Bank and the International Monetary Fund (IMF) while independent investors have been deterred from investing in the country by policies such as the Indigenisation policy which requires that all foreign owned companies cede 51 per cent to local shareholders. On 31 July 2013, Zimbabwe went for elections and the Zanu PF party won, bringing an end to the Government of National Unity which was formed on 13 February 2011. However, the election results were not recognized by western countries and one major opposition political party, the Movement for Democratic Change (MDC) which regarded the elections as a farce.

Zimbabwe is now being viewed as a politically unfriendly environment for investment, causing a slowdown in the establishment of projects that favours women participation. One example is the pending establishment of a Women's Bank which was first proposed in 2010 by the then Minister of Women Affairs, Gender and Development, Dr Olivia Muchena. The establishment of the bank was aimed at addressing the Millennium Development Goal 3 (MGD 3), which promotes gender equality and the empowerment of women. The bank is expected to encourage women to independently apply and borrow loans from it without having to compete with men. However, lack of funding by the government has stalled this project while the persistent liquidity crisis in the banking sector is forcing banks to relax lending to the agricultural sector. Banks are using depositor's funds in lending mainly at short loan tenors and high interest rates which women-owned SMEs in agribusiness fail to access, as the loan terms are not sustainable for their projects.

1.5.2 Economic

The economic environment after the country dollarized in 2009 has improved considerably following a decade of hyperinflationary periods which rendered the Zimbabwean Dollar (ZWD) useless. However, the banking sector liquidity crisis continues unabated which was attributed to the depositors' run following the dollarization into the multicurrency system in 2009. Many depositors lost their savings in ZWD as it was practically impossible to convert them into other currencies. Since then, depositors preferred to keep their money either at home or in business offices instead of depositing it with the banking sector. Very few deposits go through the bank as salary transfers or business transactions while very few individuals are accumulating their savings with the banks.

According to the Zimbabwe Monetary Policy Statement of 2013, the Governor of the Reserve Bank of Zimbabwe alluded to the attendant liquidity shortages, coupled with the absence of an active inter-bank market, limited access to affordable external credit lines and the failure of the Reserve Bank of Zimbabwe to maintain its position of Lender of Last Resort as compounding the domestic operating environment for banks. Banks are using depositor's funds for lending at short loan tenors of not more than 12 months at interest rates as high as 22 per cent (Zimbabwe Monetary Policy Statement, 2013). The majority of women businesses involved in farm production or the trade in agricultural commodities are not borrowing mainly because they are unable to service these bank loans, citing the loan terms as either being too short or too expensive which ends up eroding all their profits.

1.5.3 Social

The majority of women face obstacles in accessing formal credit through financial institutions than do men due to long-standing traditions and cultural norms. Fletschner and Carter (2008) suggested that women fail to apply for formal credit as this contravenes what is considered socially acceptable behaviour for women. One of the major challenges that hinder women from accessing formal credit is access to collateral which traditionally, is in men's names. Most men are reluctant to provide collateral in the form of immovable property for loans applied by their spouses resulting in banks either declining or approving the loans at reduced levels which are not adequate for running their businesses.

Deere & Leo (2001) assert that biases in legal regulations or social norms may limit women's ability to obtain funds directly from formal financial institutions. Women also

find it difficult to venture into agribusinesses that require them to spend days away from home as most men do not allow them. Under the AgriTrade Fund, it has been noted that the few women that managed to access these loans and failed to pay back in full, cited disturbances from their husbands who ended up not allowing them to go for days away from home. As a result, banks are becoming reluctant to finance women entrepreneurs in these value chains due to the social risk which will most likely lead to loan defaulting.

1.5.4 Technology

Agricultural technology includes farm equipment and machinery, as well as good agricultural practices (GAP) employed in farm production (Fintrac Report, 2013). The majority of women smallholder farmers lack new and sophisticated farm equipment and machinery which help improve crops and livestock production. Women smallholder farmers also lack training on viable agronomic practices which are offered by government organizations such as AGRITEX (Agricultural Technical and Extension Services). The majority of women agribusinesses failed to benefit from projects such as Operation Maguta, in 2007, a government initiative that provided farm equipment and machinery at subsidized prices. Therefore, the lack of agricultural technology is therefore hampering women-owned SMEs access to formal credit from financial institutions which sees them as unproductive and high risk borrowers.

1.5.5 Legal

Proper rights to land build confidence and responsibility for that property. The government of Zimbabwe in 2013 registered with the Deeds Registry 131 lease agreements, as it moves to ensure that the 99-year leases given to farmers can be bankable (The Herald, 07 October, 2013). However, the majority of farmers have not managed to get 99 year leases which will ensure long term investment in agricultural production. Few rural women managed to access land that is entitled to get the 99 year leases. Most women are occupying land where the existing legal framework does not enable the use of land and agricultural developments as collateral security for loans, undermining the confidence of lending institutions to undertake longer term investments in agriculture.

1.6 Statement of the Problem

According to the International Labour Organization (ILO) (2006), seventy percent of the world's poor are women who are contributing to the growth and sustainability

of their families and the communities they live in. Mehra and Rojas (2008) recognizes that incomes earned by women entrepreneurs' is most likely to be spent on the well-being of their families, that is, for more nutritious foods, school fees and health care as compared to men. Zimbabwe's banking sector currently has 17 commercial banks which are the major providers of credit to all sectors of the economy (Reserve Bank of Zimbabwe, 2013). However not all women enterprises have been able to access credit and other financial services from these financial intermediaries.

Commercial banks in particular have been found to focus on men and formal businesses, neglecting the women who make up a large and growing segment of the informal economy (ILO, 2006). According to Fintrac Report (2013), women under the AgriTrade Fund are paying back loans better than men. Women are borrowing loans ranging between \$100 and \$10,000, and repayments have shown that women only portfolios are performing better than the men only portfolios under the AgriTrade Fund. The AgriTrade partner banks despite having these statistics continue to apply stringent loan application requirements under the AgriTrade Fund as well as on their normal portfolios which are deterring women from applying for the loans.

Therefore, by not lending to women-owned and operated businesses, banks' portfolios will continue to have high default rates and high portfolio at risk (PAR) levels which tend to reduce their profitability. Women will also not be able to participate in the socio-economic development of the country thereby failing to meet the millennium development goal (MDG 3) aimed at promoting gender equality and women empowerment. This study therefore examines the challenges for women to get fully involved in their respective businesses especially agri-businesses through equitable allocation of resources with a major focus on access to formal credit through financial institutions.

1.7 Research objectives

Overall objective:

The study aims at examining the main limitations faced by women-owned SMEs in the agricultural sector in accessing credit from the AgriTrade Fund.

1.7.1 Specific objectives

1.7.1.1 To examine the challenges that women-owned SMEs in the agricultural sector are facing in accessing the AgriTrade Fund,

1.7.1.2 To examine existing financing models that can be implemented to increase the number of women-owned SMEs accessing agricultural credit,

1.7.1.3 To recommend policy and practical measures for increasing the number of women-owned SMEs accessing agricultural credit in Zimbabwe.

1.7.2 Research questions

1.7.2.1 What challenges are women-owned SMEs in the agricultural sector facing in accessing the AgriTrade Fund?

1.7.2.2 What are the existing financing models that can be implemented to increase the number of women-owned SMEs accessing agricultural credit?

1.7.2.3 What policy and practical measures can be put in place to increase the number of women-owned SMEs accessing agricultural credit in Zimbabwe?

1.8 Proposition

Access to credit under the AgriTrade Fund by women-owned SMEs is determined by socio-economic and demographic factors.

1.9 Justification

It is envisaged that by eliminating factors that result in women's failure to access resources can lead to the increased participation of women in the establishment of agri-businesses and their sustainability. The case study of the AgriTrade Fund allows a focus on SMEs, where an increasing number of women-run enterprises are operating. This study is expected to benefit the Ministry of Women Affairs, Gender and Community Development, the Ministry of Finance, the Ministry of Agriculture, financial institutions and NGOs who are important players in formulating policies that are gender sensitive in favor of women enterprises.

The study will allow policy makers to gain a deeper knowledge and background to the main limitations for women's access to credit, with a particular focus on the agricultural sector. This will serve as a starting point in developing interventions aimed at eliminating the main limiting factors for the increased participation of women in economic development. The study is not only relevant to the context of

Zimbabwe's agricultural sector, but it can give insight into factors which affect women's access to funding in other economic sectors, and in other countries.

1.10 Scope of research

The study focuses on women borrowers under the AgriTrade Fund administered under the three AgriTrade partner banks, CABS, Trust Bank and MicroKing. Questionnaires were distributed to a 100 randomly selected women participant borrowers under the AgriTrade Fund from the ten provinces of Zimbabwe. The study identified women borrowers, who accessed AgriTrade loans for the period 01 June 2011 to 30 September, 2013. Loan managers from AgriTrade partner banks who were responsible for administering the Fund were also targeted. A total of ten loan managers were considered and selected from the three AgriTrade partner banks as follows: two from CABS, two from Trust Bank and six from MicroKing mainly because MicroKing has more branches than the two partner banks, CABS and Trust Bank.

1.11 Ethical issues

1.11.1 Voluntary participation

Participation by respondents was voluntary and respondents had the right to refuse to take part, or agree to take part and were allowed to change their minds without any penalty. Respondents also had the right to answer or not answer any of the questions on the questionnaire.

1.11.2 Confidentiality

The information provided by primary respondents will only be disclosed to Zim-AIED, the three partner banks and the University of Zimbabwe. The findings of the study will only be used in coming up with possible solutions to the main limitations for women's access to credit under the AgriTrade Fund.

1.12 Dissertation Structure

The structure of the report is divided into five chapters as follows:

1.12.1 Chapter 1

Chapter one focuses on the Zim-AIED and AgriTrade programs, women-owned SMEs in the agricultural sector, the political, economic, social, technological and legal aspects that are affecting lending to the agricultural sector with more focus on women borrowers in Zimbabwe. It presents the research objectives and questions, justification of the study, scope of the project and ethical issues to the study.

1.12.2 Chapter 2

The chapter focuses on literature review concerned with the subject matter under consideration.

1.12.3 Chapter 3

Chapter three focuses on the research methodology that was implemented in collecting data. It outlines the research design, research philosophy and research strategy that were used. It also defines the population under study and the sampling techniques used; data collection methods and the research procedures implemented.

1.12.4 Chapter 4

Chapter four presents the main findings of the study. Data analyzed using SPSS and excel are presented using pictorial presentations such as graphs, pie charts, line graphs and bar charts and followed by discussions.

1.12.5 Chapter 5

Chapter five presents the conclusions and recommendations to the study.

1.13 Conclusion

This chapter presented the background of the study. The researcher briefly discussed the Zim-AIED program, the AgriTrade Fund and the classification of women-owned SMEs in the agricultural sector. An analysis of the PESTEL and how it is affecting access to credit by women agri-businesses was discussed in detail. The objectives, questions, proposition, scope and the structure of the dissertation also formed a part of the components that were discussed in this chapter. The following chapter is a review of literature concerned with the subject matter under consideration.

Chapter Two: Literature Review

2.0 Introduction

Vitoria *et al.*, (2012) defined agricultural finance as finance which is used for crop and livestock production and rural finance as a wider term which includes finance for crop and livestock production in rural areas but which may also include finance that is used for rural-based trade, services and manufacturing, as well as finance for rural infrastructure development such as dams, roads, power, phone, health and education facilities. The majority of women-owned SMEs in the agricultural sector are located in the rural areas making them the target population for agricultural and rural financing.

However, both agricultural and rural financing are slowly being neglected by a majority of commercial banks and MFIs in Zimbabwe due to liquidity problems which are discouraging lending at long loan tenor and at low interest rates appropriate for agricultural projects. Existing literature points out to more women than men in agribusinesses, facing more challenges in accessing loans from banks due to a number of factors as will be presented in this chapter.

2.1 Limiting factors for women-owned SMEs access to credit

Among the most important factors of production is access to land; capital, affordable agricultural technologies and practices, training and markets (Feed the Future, 2011). Banks generally consider the availability of these factors of production before they can consider extending credit. The majority of women globally do not have access to these factors of production, making them less likely to access formal credit from banks. According to the Feed the Future (2011), with expanded access to credit and business development training, several hundred women entrepreneurs and women cooperatives are tripling agricultural production volumes after learning how to keep records of input costs, sales data, profits and other crucial financial information required by lending institutions.

Fletschner (2008) states that women access to credit is not only constrained by the supply side but also due to demand-side constraints which include women's inability to spend days away from home due to their reproductive roles in the household, inability to prepare feasibility studies, women's risk averse nature or when applying for loans contravenes what is considered socially acceptable behavior for women.

2.2.1 Access to land

According to Harrington and Chopra (2010), in many African countries, community leaders have been found to play a key role, not only as local power brokers, decision makers and protectors of local practices, but as gatekeepers to the formal systems, denying women access to land rights. Land ownership in the African context has been benefiting men who traditionally are regarded as the head of households. According to the Ministry of Netherlands Report (2011), in Africa alone, women own only 2 per cent of the land. In many African countries, widows have not been able to inherit land left by their deceased husbands. Therefore, in the absence of land ownership, as well as land rights in African countries, women-owned SMEs in agriculture face challenges in accessing formal credit from financial institutions as the land secure user rights, tenancy rights or ownership are vital for entrepreneurship and are a pre-requisite selection criterion by financial institutions.

2.2.2 Access to technology

Women in developing countries have limited access to new and sophisticated agricultural technologies which are important for improving production and productivity. According to Wakhungu (2010), technology dissemination is a fundamental part of the agricultural knowledge, science and technological systems. Fletschner and Kenney (2011) emphasized the need to promote the creation of new knowledge and the development of adequate technology to better address women's preferences and constraints.

Agricultural technology include assets such as farm equipment and machinery in farm production and equipment and machinery for processing agricultural produce, FintracReport(2013). Very few women have access to new technologies, as they lack capital to procure them. Agricultural technologies in farm production include ploughs, spraying equipment, irrigation equipment among others while processing technology includes crops and livestock value adding technology. Banks therefore, fail to assist businesses that lack agricultural technology, thereby disadvantaging most women.

2.2.3 Access to training

Women have for a long time failed to participate in agricultural training workshops. Agricultural training sessions that targets primary producers include practical knowledge on the implementation of agricultural farming technologies both in crops and livestock production FintracReport(2013). In the rural areas, as well as in some urban areas, women lack basic education as traditionally women were deprived of secondary education while men got first preferences. With the majority of women

being uneducated, information on innovations is not well received by women who face major constraints on the way extension services are delivered (FAO, 2010). This therefore limits women active participation in training that require sitting for short exams at the end of the day.

Generally women participation in agricultural extension activities such as field days outside their village or within mixed groups is heavily affected by time constraints and cultural reservations. Rural women, as well as urban women, are the overseers of family household day to day activities. They spend much of their time attending to children's needs and farming activities at household level. As a result, women are always lagging behind men as the majority of them fail to attend field days where good agricultural practices are showcased. Banks in turn avoid lending to women-owned SMEs mainly because they lack basic training on these good agricultural practices affecting their ability to be as productive as men on farm production.

2.2.4 Access to markets

Access to markets is one critical factor determining the quantities to be purchased and the buying or selling prices. The availability of ready buyers of crops and livestock produce is key for the success of SMEs in the agricultural sector. Before primary producers can engage in any farming activities, it is critical that they have guaranteed buyers of their crops and livestock produce, FintracReport(2013). Markets for agricultural produce are in the form of contract farming arrangement, large scale processors (corporate buyers), open markets, as well as local household buyers. Market saturation has been found to affect the performance of women-owned SMEs mainly due to lack of access to higher value markets and a lack of innovation (Kirakaet *al.*,2013). Women tend to produce the same type of products and market them to the same buyers who, in most cases, dictate the buying prices. As a result, financial institutions are not keen on financing projects that may result in an oversupply of commodities and which are prone to price dictation by buyers.

2.2.5 Access to start-up capital

Globally, start-up businesses fail to access credit from large banks, as banks prefer lending to businesses that are already operational. A majority of women business owners meet their businesses' capital needs through private sources, such as personal savings, family and friends. Huyghebaert and Van de Gucht (2007) documented that start-up firms in traditional industries are mainly financed with equity, with bank loans or with trade credit or are invested in by the entrepreneurs,

their family or friends. Capital therefore, can be raised from earnings/inheritance, pension, savings, sale of personal assets e.g. second mortgage/home equity or from family and friends. However, very few women-owned SMEs are able to raise start-up capital for expanding into other projects through these sources, thereby depending heavily on credit from financial institutions.

2.2.6 Access to collateral

Traditional bank lending requires collateral as security for loans. Banks, generally will not provide credit without some form of collateral being pledged. According to the Fintrac Report, (2013) collateral requirement by one of the AgriTrade partners, CABS, is strictly immovable property. Many women-owned SMEs do not have immovable properties registered in their names, making it difficult for them to access loans. Women tend to depend on their spouse's decision to use the family immovable property as collateral for their loans. However, where the husband may decide to cede the property as collateral for his wife's loan, the loan amount is in most cases very small for business viability. Due to the lack of immovable and movable assets for securitizing their loans, women tend to depend on MFIs that generally do not require collateral as the loan amounts issued are small.

The majority of women businesses tend to benefit from microfinance than through commercial banks as many microfinance institutions (MFIs) target female clients and startup projects. By the end of 2006, MFIs had reached over 79 million of the poorest women in the world (ILO, 2006). Microfinance institutions are therefore making significant contributions towards gender equality and are promoting sustainable livelihoods and better working conditions for women entrepreneurs. MicroKing under the AgriTrade Fund, disbursed loans which were as small as \$500 which would not attract any form of collateral. According to Todd (2005), group lending technologies replace the need for collateral from individual borrowers, with peer pressure of the group, by making the entire group liable for the repayment of the individual loans. MicroKing used group lending technologies under the AgriTrade Fund where the credit program is supported by mandatory education and training programs for the group members, which included men and women before and during the tenure of the loan.

2.2.7 Knowledge on the preparation of business proposals

Many women in general lack the ability to prepare a business proposal which meet bank standards for accessing credit. Stone *et al.* (2012) assert that business

culture factors through providing business development services to help SMEs to prepare and present their business proposals will reduce lending risk among banks. The preparation of business proposals requires a good understanding of business operations and financial information. Rural girls, growing up in poor families in most African countries, do not have access to higher education. They usually go to school to get basic education just enough to enable them to read and write and when they grow up and this makes them lack the ability to prepare business proposals.

According to Todd (2005), rural women entrepreneurs do not have access to competent business development services that can assist them in developing business proposals that would enable them to better approach financial institutions. A critical component of business proposals is the preparation of budgets and cash-flows. Budgets and cash-flows which show projections in outflows and inflows enable banks to determine the capacity of the proposed business venture in repaying borrowed funds. Lack of skills in the preparation of budgets and cash-flows by women entrepreneurs deter them from applying for credit through financial institutions even if their business operations are able to fully repay the loans.

2.2.8 Business financial information

Banks also require borrowers to submit financial information which includes balance sheets, profit and loss accounts and cash-flow statements. According to IFC (2011), women in many informal businesses may lack financial statements and properly maintained books of accounts, putting them at a disadvantage. SMEs generally do not prepare financial statements as they do not have the skills and education to develop them. IFC (2011) also assert that capacity building of SMEs in terms of preparing financial statements and business plans as well as improving financial literacy and management training is shown to have a positive impact on SME development. Banks require that businesses submit audited financial statements for them to be able to assess the performance of the proposed business venture(s). For financial information to be audited, it requires a considerable amount of money to hire qualified auditors. Women-owned SMEs are among the majority of SMEs that are unable to prepare financial information for their businesses and lack the capital to hire auditors resulting in most of them getting discouraged from applying for business loans through commercial banks.

2.2.9 Business track history

Most women entrepreneurs fail to produce business history records when applying for business loans from financial institutions. It is important for a borrower to be able to

show the business history which brings comfort to the bankers by being able to assess the level of experience the borrower has in his/her line of work. Corporate Links Limited, Uganda (2010), mentions that the capacity of entrepreneurs to successfully manage their SMEs in a competitive manner is largely dependent on good and regular record keeping. Banks insist on the availability of business history by tracking and analyzing business records.

The key record keeping tools according to Corporate Links Limited, Uganda (2010), are receipts, cash books, sales book, purchases books, debtors book's and creditors' books. The partner banks under the AgriTrade Fund required that a business operates for at least six months before they can be considered for lending (FintracReport,2013). Record keeping is not only important for accessing bank loans but it is also important to the owner of the business in tracking whether the business is making profits or not. Women-owned SMEs in general do not keep business records thereby making them less likely to get bank loans.

2.2.10 Women risk averse nature

The risk averse nature of women has also been found to contribute to the low number of women businesses accessing formal credit from banks. Watson and Robinson (2003), suggest that women are more risk averse, others find that they are less self-confident than men, especially in financial and investment decisions. Women are more risk averse than their male counterparts when it comes to borrowing loans through financial institutions. Women, in most cases, prefer to use the small capital they have, in running their SMEs and are content with the level of operation.

Crosby and Gneezy (2009) assert that women are more concerned about the risk of losing control of their businesses and as a consequence, female entrepreneurs are less prone to borrow, have a lower growth-orientation and prefer to operate in low capital intensive sectors where they can rely less on external finance. Bank loans generate interest and women get deterred by the loan interest component mainly because they do not understand how the interest is calculated. Women fear losing their business assets, as well as household assets, in the event that they fail to repay bank loans.

2.2.11 Business operating space

The majority of women-owned SMEs lack operating space or industrial sites for their businesses. Many women prefer to operate from their backyards on projects that do not require large spaces such as broiler and layer production and also for processing

projects such as peanut butter making. Home based businesses generally do not attract large number of buyers and require that the business owner embarks on massive advertising and marketing of his/her product(s).

According to the Business Link, Canada (2013), home based businesses will be less likely visible than if it were in a commercial location and due to isolation it lack contacts with colleagues making it less competitive. Banks generally do not see them as viable projects that can withstand competition from competing businesses located in industrial areas mainly because they are inaccessible by the majority of the general public. Businesses located in the industrial areas are most likely to get funding from banks than home-based businesses thereby disadvantaging the majority of women home-based SMEs.

2.2.12 Access to labour

The majority of women involved in farm production on irrigation schemes have failed to attained high yields due to unavailability of labour for planting, weeding and harvesting (FintracReport, 2013). In some irrigation schemes women fail to hire labour as they do not have the capital to do so, while in other schemes, children who may also offer labour, are not allowed to work in the fields as it is considered child abuse. The majority of women have land sizes of 0.1 hectares to 0.4 hectares and without extra labour banks fail to approve their loans citing the risk of crop failure due to inadequate farm labour.

2.3 Financing models promoting women-owned SMEs access to credit in Zimbabwe

2.3.1 Small to Medium Enterprises Revolving Fund.

The Ministry of Small to Medium Enterprises Cooperative Development (SMECD) received \$500,000 and an additional \$1,000,000 under the SME Loan Facility in 2011 targeting all sectors of the economy. The Fund is administered by the Ministry through the Small Enterprises Development Corporation (SEDCO) which is responsible for receiving all loan applications and processing them. SMEs in all sectors in Zimbabwe are eligible to apply for this fund, thereby providing opportunities for women-owned SMEs.

The fund has two levels of loan limits with different loan terms as outlined below:

Micro Portfolio Loans (\$500 and less)

- Non-refundable application fee of \$20.
- Interest rate is 15 per cent per annum with loan tenure of 4 months;
- Collateral is movable property.

Loan threshold of \$501- \$5 000

- A non-refundable application fee of \$30;
- Interest rate is 15 percent per annum with loan tenure of 6 months;
- Collateral Security for \$501 - \$1000; a vehicle.
- \$1000 to \$5000 -Title Deeds or Cession of lease over an immovable property

The SMECD, SME loan facility is able to attract women-owned SMEs since it has different loan levels and collateral requirements. Micro SMEs requiring loans below \$500 can access them by providing movable property which include household and business property. The majority of women own household property and or business property that are adequate to cover these levels of borrowing. Women-owned SMEs that require loan levels that are higher than \$500 with a ceiling of \$1,000 can provide personal or business vehicles which they are able to own as women. Loans above \$1,000 and going up to \$5,000 will be secured by title deeds which may attract fewer women since the majority of them do not own immovable properties.

2.3.1.1 Financial Institutions

The Ministry of Small to Medium Enterprises Cooperative Development is also collaborating with three financial institutions namely the Infrastructure Development Bank of Zimbabwe (IDBZ) which has a US\$30 million Fund, Commercial Bank of Zimbabwe (CBZ) which has a US\$5 million Fund and CABS which is lending out according to the level of facilities demand. The three financial institutions are also targeting all sectors of the Zimbabwean economy providing women-owned SMEs opportunities for accessing formal credit.

2.3.2 Micro Enterprise Development Fund.

The Ministry of Small to Medium Enterprises Cooperative Development in collaboration with “Help from Germany”, a non-governmental organization is implementing the Micro Enterprise Development Fund. The program, which is funded by “Help from Germany” is benefiting innovative enterprising individuals, groups and existing micro enterprises in Tafara, Mabvuku and other disadvantaged areas in Harare Metropolitan province in Zimbabwe. The project which was launched under the theme “Building Sustainable Livelihoods through Micro-enterprise Development” is set to benefit about 450 micro enterprises.

To access the Fund, applicants must be operating an income generating project, must exhibit sound business ideas for expanding and starting own economic activity, must be resident of the targeted areas, must contribute 15 per cent of the grant in a community project and will access finance approved in the form of material/equipment worth \$500. The conditions of the Fund are ideal for women-owned SMEs as it also tries to incorporate start-up projects.

2.3.3 Donor funded credit facilities

2.3.3.1 Zim-AIED's revolving credit facility (AgriTrade Fund)

The USAID funded AgriTrade Fund was created to provide loans to SMEs in the agricultural sector in Zimbabwe. The product features and loan terms under three partners' AgriTrade products are as outlined below:

Table 2.1: AgriTrade Loan terms by partner banks

Product Features	CABS	Trust Bank	MicroKing
Products	Working capital	Working capital	Working capital
Loan amount	\$10,000 to \$200,000	\$1,000 to \$200,000	\$500 to \$200,000
Establishment fees	2%	4%	4%
Interest rate	11% pa. annum	11% >\$10,000 24% <\$10,000	11% >\$10,000 24% <\$10,000
Tenure	12 months	Up to 12 months	Up to 24 months
Valuation fees	1.5%	Case by case charge	Nil
Bond registration	4%	3%	Nil
Security	Mortgage bond	<ul style="list-style-type: none"> • Immovable property/Deeds • Business equipment • Insured warehouse stock • Movable assets • Invoice receipts • Guarantors 	<ul style="list-style-type: none"> • Household and Business asset • Guarantor • Title Deeds (Mandatory for all facilities above \$10,000)

Source: AgriTrade product features by partner bank, Fintrac Report 2013

The AgriTrade product loan terms differ among the three financial partners on loan amounts as well as in the type of collateral required for securing the loans. Women-owned SMEs have been identifying the partner bank with loan terms they are able to meet. For women-owned SMEs that do not have immovable properties, Trust Bank and MicroKing accepted movable assets, guarantors, insurance as well as business assets.

Women-owned SMEs that are able to provide these forms of collateral can access the AgriTrade loans through the two partner financial institutions. However very few have accessed AgriTrade loans through CABS, mainly because the bank strictly requires collateral in the form of immovable property. Although CABS accepted loan applications of as low as \$10,000, for the period under review, it has been found to prefer only loans above \$50,000 neglecting the majority of women-owned SMEs who failed to provide title deeds.

2.3.3.2 CREATE FUND

In 2012, the Zimbabwe Agricultural Development Trust (ZADT) established the 'Credit for Agricultural Trade and Expansion' (CREATE) Fund. ZADT is a non-governmental-organization that was set up to hold and administer the funds. The fund is aimed at supporting smallholder farmers directly and indirectly through market driven approaches for sustainable agriculture development (ZADT, 2012). The Fund was established to target value chain actors where smallholder farmers directly and indirectly benefit. This includes contracting companies, processors, traders, transporters, agro-dealers, distributors, micro-processors and service providers (ZADT, 2012). The targeted groups for lending under the Fund, provides for the inclusion of women-owned SMEs in the agricultural sector in accessing the loans. The CREATE Fund is administered by three financial partners namely Stewart Bank, FBC Bank Limited and NMB Bank Limited.

2.3.3.3 The Zimbabwe Microfinance wholesale facility

Hivos International established the Microfinance Seed Capital and Capacity Building program in 2012 and is partnering with the Zimbabwe Microfinance Wholesale Facility (ZMWF) in the administration of the Fund. The facility was established to reduce poverty in the communities it operates by increasing access to financial services for the economically active poor, particularly, women (ZMWF, 2012). It also aims to see a reduction in gender based violence (GBV) through the capitalization of

Micro-Finance Institutions (MFIs) and the resultant empowerment of the women who access funds through them. MFIs borrowing from the fund have been able to introduce rural financing, housing microfinance, value chain financing and mobile banking and increase the number of SMEs and economically active poor to access the funding. The majority of women-owned SMEs from all sectors of the economy are benefiting from the Fund, thereby increasing women access to formal credit from MFIs.

2.3.4 Contract farming arrangements

Contract farming companies have been targeting the financing of agricultural farm crops and livestock production on irrigation schemes as well as on semi-irrigated and dry lands (Fintrac Report, 2013). The majority of contracting companies are private companies that use own capital raised internally or accessed as production loans through financial institutions. Some contract farming companies partner with development organizations, such as NGOs, by acting as consultants and providers of technical assistance to the smallholder farmers.

Under the Zim-AIED program, contract farming companies partnered with Fintrac by providing technical assistance, while also at times, these contract farming companies provided additional capital from own sources for project expansion. Women-owned SMEs have been found to participate in these contract farming arrangements, both on irrigation schemes as well as under dry land farming. The contract farming companies identified plot holders in the target areas and provided adequate crop inputs such as seed, fertilizer and chemicals well in time while the farmers provided family labour. At the end of the season the contract farming companies would buy the product(s) from the farmers at pre-agreed prices or at prevailing market prices. Contract farming arrangements have been benefiting women-owned SMEs mainly because no collateral is required by either the contracting company or the NGOs. The contract farming companies have their employees stationed in the production areas, providing day to day supervision of the projects which reduces risk of poor yield or diversion of inputs.

2.3.5 Savings and Credit Cooperatives (SACCOs)

There are a number of informal self-help groups at local community level that offer services in the form of savings and credit facilities to rural-based enterprises and smallholder farmers (Vitoria, *et al*, 2012). CARE International Zimbabwe has been working with SME groups, both in the rural areas and in the high density suburbs in

urban areas, where it encouraged the formation of cooperatives (CARE International, 2010). The members join the cooperatives by paying a joining fee, thereafter paying monthly subscription fees to retain membership. The amounts vary from one area to another depending on whether the cooperative is located in the rural area or in the urban area. Women were able to join the cooperatives and members borrow from the cooperative through the funds raised.

In Zimbabwe, a number of women came together and formed a women only organization, the Women Development Savings and Credit and Union (WDSCU). WDSCU is a financial co-operative registered under the Co-operative Societies Act [Chapter 24:05]. WDSCU is a formalized organization that is encouraging women's savings as individuals or groups. WDSCU's target market is hundred per cent (100%) women. As at 30 September, 2013, WDSCU membership was just over 17 000 (seventeen thousand) involved in business activities in various sectors of the economy of Zimbabwe (WDSCU Report, 2013). WDSCU provides financial services that include savings and investment facilities and opportunities to obtain loans.

According to WDSCU Report (2013) women in Zimbabwe constitute more than fifty two per cent (52%) of the adult population and 73% of the women population in Zimbabwe lives in rural areas. WDSCU was formed mainly to address women concerns on collateral requirements in accessing credit. WDSCU provides small loans, from as little as \$100, which do not require collateral. For women-owned SMEs to be eligible for borrowing through WDSCU, they need to become members through a joining fee of \$10 and monthly subscription of between \$1 for rural women and \$5 for urban women, WDSCU Report (2013). Interest rate and establishment fees for the loans are 5 per cent per month and 5 per cent once off, respectively. Although the percentages are high, in dollar value they are quite small as the loans advanced are also very small. Women-owned SMEs in rural and urban areas have benefited from loans extended by WDSCU.

2.3.6 Direct lending to smallholder farmers

Direct lending to smallholder farmers has been found to increase the number of women accessing credit for SMEs involved in primary production. According to Fintrac Report (2013), women loans on irrigation schemes accounted for more than

50 per cent of the total loan disbursements under the AgriTrade Fund's farm production sector. This was because more women were involved in farm production than men. Therefore, by targeting SMEs involved in farm production, it is envisaged that more women will have access to credit. Information on the availability of credit is expected to quickly filter into rural areas and women will become more aware of the availability of credit through financial institutions. MFIs generally prefer lending to SMEs organized in groups both in the rural areas and urban areas as compared to lending to individuals. As presented by ILO (2006), MFIs women's groups should be utilized to promote and strengthen women's networks and not merely as a means of lowering program costs. Women groups are important as they eliminate collateral requirements by financial institutions due to the existence of a constitution as well as group co-guaranteeing as a form of collateral. MFIs are able to collect loans from other members of the group when a member fails to honour his/her loan.

2.3.7 Women headed and managed MFIs

According to IFC (2012), there is need for more personal banking relationships between SMEs entrepreneurs and banks for them to better understand their business operations and financial needs. Women are more comfortable dealing with women loan officers and managers than with men. They are able to express themselves because women loan officers tend to relate more with women entrepreneurs than do men loan officers. According to Virl Microfinance Report (2013), its staff complement comprised of 10 females and 7 males and this enabled it to increase loans and savings portfolios from \$50,000 in 2010 to over \$800,000 in 2013 through the utilization of female loans officers and the provision of equal and management opportunities for women. Therefore by utilizing women loan officers, women SMEs owners are able to make follow ups with the women loan officers than with men loan officers. This also enhances personal banking relationships, thereby encouraging more women to apply for credit through financial institutions.

2.3.8 SMS Banking

MFIs are providing loans to women-owned SMEs through the SMS platform where borrowers do not need to open a bank account, mainly to avoid monthly bank charges. Because women do not have the time to travel to and from towns and cities to make bank deposits or withdrawals, the SMS platform has come in handy for most women-owned SMEs in accessing loans. According to Untu Capital Report (2013), the MFI extended input loans, to smallholder farmers growing horticultural crops on irrigation schemes through the Econet Zimbabwe, Eco-cash platform. Farmers are

using the Eco-cash platform to receive and make monthly loan repayments to Untu Capital without having to visit their offices. This saves time and transport costs in servicing the loans.

2.4 Financing models promoting women-owned SMEs access to credit outside Zimbabwe

2.4.1 Women only bank

Generally, many African women do not have access to basic financial services, such as a bank account, which is very important when one is applying for a bank loan. In Zimbabwe, there is no bank that is specifically established to cater for women only. An institution that has managed to cater for women only is the WDSCU, which is a cooperative. Women only banks do exist in other countries all over the world and one such example is the Bharatiya Mahila Bank in the financial city of Mumbai, India, which was opened in 2013 following its approval by the government of India. According to the World Bank's Global Financial Inclusion (Global Findex) database, about 1.3 billion women worldwide remain largely outside the formal financial system and in regions such as South Asia, the Middle East and North Africa; women are about 40 per cent less likely to have a formal account with a financial institution than men. According to the Minister of Finance of India (2013), Mr P Chadambaram, about 26 per cent of women in India admit to have bank accounts. The Minister also explains that per capita credit in the case of women was 80 per cent less than in the case of men in India by 2013, prompting the need to establish a bank that predominantly serves women. The Bharatiya Mahila Bank offers usual commercial services, accepts deposits and gives loans to women or businesses which are either managed by women or make products for women.

2.4.2 Women only credit in Kenya

In Kenya a joint project between UNDP, Equity Bank, UNIDO, the International Labour Organization and the Kenya Ministry of Trade, was established with the aim of reducing poverty in local regions by giving women access to credit for economic activities. The purpose of establishing this initiative was mainly to increase the number of women in decision making positions by having access to credit, building awareness of women's roles in the business at the local, regional and government levels and enhancing women's capacity and motivation through entrepreneurial skills training. To facilitate women access to credit, UNDP provided capacity development to women in business and investment while Equity Bank and other participating institutions provided financial intermediation. UNDP also facilitated the establishment

of ICT networks and the online promotion of women-targeted SME products and it designed and rolled out a flagship development programme for women entrepreneurs. A dedicated Women Empretec Center was also established to provide entrepreneurship training, mentoring and support, which resulted in the expansion of the local market.

2.4.3 Women Enterprise Fund in Kenya

In Kenya, in 2007, the Women Enterprise Fund was established as a Semi-Autonomous Government Agency in the Ministry of Devolution and Planning (formerly the Ministry of Gender, Children and Social Development). The Fund provided accessible and affordable credit to support women start and /or expand business for wealth and employment creation. The fund also provided business support services which included capacity building, marketing, promotion of linkages and infrastructure support. The fund which was run for a period of four years was a demonstration by the Government of Kenya to its commitment to the realization of the Millennium Development Goals on gender equality and women empowerment (MDG 3). The Fund showed that more women needed to borrow from financial institutions in the country. However, due to limitations in a number of factors of production and bank requirements, women failed to access the credit. Women, therefore if provided with adequate funding for financing their businesses, will establish new SME businesses while those already in existence will be able to compete in their industries.

2.5 Policy measures promoting women-owned SMEs access to credit

2.5 1 Reserve Bank of Zimbabwe SME funding policy

The Reserve Bank of Zimbabwe, in its Monetary Policy Statement of January, 2013, stipulated that banking institutions were now required to re-orient their portfolios such that loans to the SME sector will constitute at least 30% of the total loan book. The Reserve Bank would conduct monthly assessments to monitor compliance and any institution found wanting, would face severe penalties. As at 31 December, 2012, the banking sector loans amounted to \$3.5 billion and the RBZ postulated that an allocation of 30% to the SME sector which translates to loans of \$1.05 billion, be observed (Monetary Policy Statement, January, 2013). Assuming \$40,000 was granted to each SME borrower, a total of between 25,000-30,000 clients would benefit, thus creating or sustaining more than half a million jobs per annum. As the loans grow each year through this strategy, the RBZ envisaged corresponding increases in the number of jobs created or people empowered under SMEs by the banking sector.

2.5.2 Establishment of Zimbabwe's Women Bank

In 2010, the government of Zimbabwe, through the then Minister of Women Affairs, Gender and Development, Dr Olivia Muchena, proposed the establishment of a women only bank that would only cater for women depositors and borrowers. This initiative came out of the realization that women in Zimbabwe were failing to access formal credit from banks, while men only businesses were benefiting. The bank would be established from government funding and would benefit women from across the ten provinces of the country. By 30 September, 2013, the women bank however, was yet to be established, following the failure by government to accumulate the funds needed to establish it.

2.6 Theoretical framework

The study focuses on the women borrowers under the AgriTrade Fund and examines the main limiting factors affecting women access to the fund through the three partner financial institutions. The study proposition is that women-owned SMEs in Zimbabwe are affected mainly by socio-economic factors that hinder them from accessing credit from financial institutions. The study aims to establish if there are relationships between socio-economic factors and the ability to access formal credit from financial institutions. The dependent variables in this study are therefore the socio-economic factors which include but are not limited to access to collateral, technology, land, and the age, educational level attained, and marital status of borrowers while ability to borrow formal credit as a dependent variable.

This study makes reference to the theoretical framework developed by Ambreen Fatima (2009) where socio-economic factors which include age, marital status and employment were identified as bringing self-confidence and reliability that encourages female borrowing. Findings from this study therefore enable the researcher to make what was envisaged as appropriate policy and practical measures targeted at government level, enable more women accessing credit with or without donor funding, while financial institutions are expected to create policies and practical measures as well as complementary services that encourage women borrowers.

2.7 Conclusion

A detailed discussion on the main limiting factors for women access to formal credit was done while existing financing models that are promoting women access to credit in Zimbabwe as well as in other countries were outlined. It was however noted that

there is very little literature available on statistical information on women-owned SMEs in the agricultural sector in Zimbabwe and the demand for credit by women-owned SMEs in the sector. Not much has also been done with regards to the implementation of policy measures both at government level and at financial institutions, in increasing access to credit for women entrepreneurs. The following chapter covers research methodology.

Chapter Three: Research Methodology

3.0 Introduction

This chapter presents the methodology and procedure used in conducting the study. It outlines the methods implemented by the researcher in collecting, managing, analyzing and presenting data. It also defines the population under the study, the sampling technique used, data collection method(s) applied, research procedures and data analysis instruments used.

3.1 Research Methodology

Research methodology is defined as a systematic analysis or investigation into the research subject in order to discover the rationale and experimental principles, facts, theories, applications and processes (Davies and Elder, 2006). There are two types of research methodology, which are qualitative and quantitative research methods. According to Creswell (2003), qualitative research is based on texts, images and pictures and includes focus group discussions, in-depth interview and observation techniques to collect data. It is subjective in nature and describes the problem of research in depth to find out its solution.

Neill (2007) defines quantitative research as using numbers and numerical values to summarize the whole study and to look at relationships between variables and participants of the research. Quantitative research is objective and uses concepts, constructs, hypotheses which make up a theory. This study adopted the quantitative methodology and used questionnaires to gather data from the research respondents. As advanced by O'Leary (2005), this study implemented the quantitative design with the objective of projecting the findings on women borrowers under the AgriTrade Fund to a wider population of women in the agricultural sector in Zimbabwe.

3.2 Research Philosophy

Saunders *et al.*, (2009) refer to research philosophy as the development of the research background, research knowledge and its nature. There are two main research philosophies namely, positivism and phenomenology (Neville, 2007). Bryman and Bell (2003) defines positivism as epistemological position that uses the methods of natural science to study social reality and beyond. According to Collis and Hussey (2003), positivistic approaches are founded on a belief that the study of human behavior should be conducted in the same way as studies conducted in the natural studies. Phenomenology on the other hand is particularly concerned with understanding behavior from the participants' own subjective frames of references

(Neville, 2007). This research study adopted positivism as the research philosophy. According to Burke (2007), positivism is a scientific method that is based on rationale and empiric of the research. He further stresses that in the positivism paradigm, various concepts are used which are quantification, hypothesis and objective measures and the researcher works with observable social reality, rationale and experiences to reach on end results of the research. According to Cooper and Schindler (2006) scientists give their viewpoint to evaluate the social world with the help of objectivity in the place of subjectivity.

3.3 Research Approach

There are two types of research approaches which are inductive and deductive research approaches (Houser, 2007). Deductive research approach is useful when a researcher wants to test the hypothesis related to the research issue while inductive research approach is used to compare the existing theories with collected data and information (Flick, 2009). This research used a deductive approach which sort to test the proposition with empirical observations under the AgriTrade Fund.

3.4 Research Strategy

According to Saunders *etal.*(2007), research strategy is a general plan that helps researchers in answering the research questions in a systematic way. Research strategy is therefore a methodology that helps the researcher to investigate the issue that is being researched. Some of the research strategies that one can use are case studies and survey.

3.4.1 Case study

According to Saunders *et al.* (2007), a case study is an empirical investigation of particular contemporary phenomena within its real context using multiple sources of evidence. This research study was based on an individual case study of the AgriTrade Fund. According to Neville (2007), a case study offers an opportunity to study a particular subject such as an organization, in depth or a group of people and usually involves gathering and analyzing information that can be both qualitative and quantitative. The case study of the AgriTrade Fund was chosen by the researcher because the researcher was employed by the project and implemented the Fund from inception.

The Fund donor, USAID, has always wanted to establish why there were fewer women accessing loans under the Fund as compared to men. The AgriTrade Fund was specifically designed to inject liquidity into the agricultural value chains with the

aim of eradicating poverty and improve livelihoods of the rural poor. The AgriTrade Fund injected liquidity into the three financial institutions targeting the financing of agribusiness that directly traded with the rural populace with more emphasis on benefiting women borrowers. By benefiting the rural poor directly or indirectly, the fund envisaged the creation of new employment within the rural communities as well as an increase in incomes of rural businesses.

3.4.2 Descriptive research

The research used the descriptive method in describing data collected from research respondents and statistical data generated under the AgriTrade portfolio. According to Lindlof and Taylor (2010), data can be described using various diagrams and tables which make it easy to understand and analyze thereby helping in decision making. The descriptive approach, sought to describe the statistical data from the research in the form of percentages, frequencies, tables, graphs and charts to better analyze and present results for ease of understanding.

3.4.3 Analytical research

Neville (2007) explained that analytical research often extends the descriptive approach to suggest or explain why or how something is happening and locates and identifies the different factors (or variables) involved in the study. The analytical approach was used in conjunction with descriptive research mainly to understand why there were fewer women accessing the Fund and why certain trends were observed on women only in the AgriTrade portfolio.

3.5 Time Horizons

There are two types of survey designs which are cross sectional and longitudinal studies. According to Lavrakas (2008), a cross sectional survey collects data to make inferences about a population of interest (universe) at one point in time. He also adds that longitudinal studies or panel studies are studies where the research settings involve multiple follow-up measurements on a random sample of individuals such as their achievements, performance, behavior or attitude over a period of time with logical spaced time points. This study adopted the cross sectional survey and collected data once, from women borrowers under the Fund.

3.6 Research instrument

The research used a questionnaire as the research instrument. Questionnaires facilitate the collection of data by asking all, or a sample of people to respond to the same questions, (Saunders *et al.*, 2007). The study designed two questionnaires, one

for women borrowers under the AgriTrade Fund and loan managers under the three AgriTrade partner banks. The questionnaire for women borrowers were printed and hand delivered and also hand collected while the questionnaires for loan managers were sent by email and retained by email.

3.7 Population and Sampling

The population targeted in this study comprised of women-owned SMEs in the agricultural sector that accessed the AgriTrade Fund and loan managers from the AgriTrade partner banks. The population included:

- a) Women-owned SMEs that accessed funding under the AgriTrade Fund between 01 June 2011 and 30 September, 2013. These provided primary data on the main limitations that affected lending to women under the Fund,
- b) Loans managers under the three AgriTrade partner banks provided data that contributed to the main reasons to why fewer women were accessing the AgriTrade Funds through their branches or departments. The loans managers were important, mainly because they were responsible for assessing the borrowers and the approval or decline of applications.

The AgriTrade officers under the Fund were not included in the study since they contributed to the questions on the questionnaires. Therefore, it was envisaged that their responses would be biased. The AgriTrade officers were responsible for the identification and pre-qualification of potential borrowers. Once the pre-qualification process was completed, the AgriTrade officers submitted referral letters to the bank loan managers who in turn undertook due diligence of the potential borrower's business before loan disbursement.

However, the researcher made use of the AgriTrade Officers in locating the women borrowers and in distributing the questionnaires. The AgriTrade Officers were allocated provinces as outlined below:

- AgriTrade Officer 1: Harare Metropolitan, Mashonaland East, West and Central
- AgriTrade Officer 2: Manicaland and Masvingo
- AgriTrade Officer 3: Midlands
- AgriTrade Officer 4: Bulawayo, Matabeleland South and North

AgriTrade officers distributed questionnaires to women borrowers in the provinces as shown in (table 3.1). Women respondents were selected from the following value chains:

- ✓ women-owned SMEs involved in farm production,
- ✓ women-owned SMEs buying and selling crops and livestock produce,
- ✓ women-owned SMEs processors,
- ✓ women-owned SMEs buying and selling farm inputs.

Table 3.1: Number of questionnaires distributed by Province

AgriTrade officer	Provinces	Actual
Harare	Harare, Mashonaland East, West and Central	27
Manicaland	Manicaland and Masvingo	26
Midlands	Midlands	23
Bulawayo	Bulawayo, Matabeleland South and North	24
Total		100

The ten provinces were targeted with the perception that the socio-economic profiles of the women-owned SMEs under study would be significantly different. The women-owned SMEs were located both in the urban and rural areas. The sampling frame was derived from the AgriTrade portfolio list of borrowers from the three partner banks in all the ten provinces of Zimbabwe. From the list of women borrowers a sample was drawn through a probability sampling method.

3.7.1 Probability sampling

Probability sampling means that each unit in the target population has a known chance of selection, (Gerrish and Lacey,(2013).A total of 100 women-owned SMEs were randomly selected from the total list of 466 women borrowers under the three partner banks', AgriTrade portfolios. The list of women borrowers under the AgriTrade Fund was first categorized by the partner bank from which they accessed the loans. CABS had only one woman borrower, Trust Bank had five women borrowers while MicroKing had 460 women borrowers. All women borrowers under CABS and Trust Bank were included in the study mainly because they were few and did not constitute 5 to 10 per cent of the total borrowers under the two banks. However, for MicroKing which had the highest number of women borrowers totalling 460, the probability random sampling method was done. The women borrowers were

first categorized by their business locations in the ten provinces of Zimbabwe. After they were categorized by province, they were further categorized by districts in each of the ten provinces. The researcher then randomly selected 94 respondents from the 460 women borrowers.

3.7.2 Instrumentation and piloting

The study used two questionnaires designed to collect primary data from women borrowers under the AgriTrade Fund and loans managers under the three partner banks. To test the validity and reliability of the tools, a pilot test was conducted with ten women borrowers under the AgriTrade Fund in Harare and three loans managers, one from each of the three partner banks. These were excluded from the main results of study.

3.7.3 Training of AgriTrade Officers for field work

To facilitate easy access to the primary respondents and loan managers, the researcher trained the four AgriTrade Officers who were based in Harare Metropolitan, Manicaland, Midlands and Bulawayo provinces. The AgriTrade officers were advised on how to introduce the study to the women borrowers, explain the purpose of the questionnaire and how the respondents were to complete the questionnaires. The AgriTrade officers were introduced to the study and the questionnaires over a 3 hour face to face training. Further correspondents were done through emails when they were stationed in their provinces. The AgriTrade officers did not face any disturbances in conducting the field work as they were already known by the authorities in the selected districts which include, the District Administration Officer (DAO), the local chiefs and the local councillors.

3.8 Data collection procedure

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypothesis and evaluate outcomes (Most *et al.*, 2003). The researcher used four AgriTrade officers to distribute the questionnaires to the selected women borrowers. Request for participation was sought through an introduction and informed consent on the front page of the questionnaire which was read out to each prospective respondent and explained in a language they understood. The women respondents were asked to take not more than a month to complete the questionnaire. Questionnaires for loan managers were emailed to them and were asked to complete the questionnaires and retain them by email.

3.8.1 Data analysis

Data analysis is the process of analysing all the information and evaluating the relevant information that can be helpful in better decision making (Sivia and Skilling, 2006). The data collected in this study was analysed using various statistical tests. According to Ott and Longnecker (2008), the selection of statistical tests is based on the data collected. The researcher analysed quantitative data by using excel and SPSS. The researcher also made reference to quantitative data generated under the AgriTrade portfolios within the three partner banks for the period 01 June 2011 to 30 September, 2013. Primary data collected through the questionnaire from women borrowers was sorted, analysed and presented in different pictorial forms which include pie charts, line graphs, histograms and tables. The researcher also used correlation analysis in establishing the relationships between variables.

3.9 Validity, Reliability and Objectivity

3.9.1 Internal validity

According to Leedy and Ormrod, (2005) internal validity refers to the extent to which the research design and the data it yields allows the researcher to draw accurate conclusions. The obtained results were those that the study had intended to measure. The AgriTrade case study presented statistics on the portfolio of women borrowers and paid attention to the main limitations they faced in accessing the Fund.

3.9.2 External validity

External validity refers to the extent to which the results of the study can be generalized (Silverman, 2005). Results from the AgriTrade case study could be generalized to a wide population of women borrowers in the agricultural sector in Zimbabwe. The banking sector in Zimbabwe is guided by the Reserve Bank of Zimbabwe and the Bankers Association of Zimbabwe (BAZ) laws, which affect, all borrowers in Zimbabwe. The findings of the study on the limitations faced by women-owned SMEs in accessing formal credit under the Fund could also be generalized to women entrepreneurs in other sectors of the economy in Zimbabwe.

3.9.3 Reliability

According to Joppe (2000), reliability is defined as the extent to which results are consistent over time and an accurate representation of the total population under study. The findings of the AgriTrade case study will continue to show the same trends over time if the main limitations for women access to credit are not addressed. There will always be fewer women borrowers accessing formal credit as compared to their male counterparts from financial institutions.

3.9.4 Objectivity

According to Silverman (2005), objectivity refers to the extent to which findings are free from bias. To reduce bias of the results obtained from primary and secondary respondents, the researcher implemented one standard questionnaire for collecting data from women borrowers across the ten provinces and a standard questionnaire for collecting data from loan managers from the three partner banks. Participants completed questionnaires on their own, reducing any bias towards the responses.

3.10 Limitations

The study was limited to women-owned SMEs that accessed credit under the AgriTrade Fund. The study did not include women-owned SMEs that applied for the AgriTrade loans who were not successful. The researcher could not gather information on why they failed to access the loans due to time limitations.

3.11 Ethics

To protect the identity of the borrowers, participants were only identified by the province and district from which their businesses were located. To prevent associating particular responses with respondents, questionnaires were dropped into a closed box that was presented by the AgriTrade Officer. The box was opened only by the researcher, which made it not possible to link a questionnaire to a respondent.

3.12 Chapter Summary

The chapter discussed in detail the research methodology that the researcher used in collecting, managing, analysing and presenting the data. It also discussed the research philosophy, research strategies, research approaches, the population under study and sampling techniques and procedures used.

Chapter Four: Results and Discussion

4.0 Introduction

The chapter presented and discussed the major findings of the study. The statistical data collected was analysed using SSP and Excel and was presented using pictorial presentations which include graphs, charts and tables. The analysis of the research questions was done, followed by results and concluded by discussions on each question.

4.1 Response Rate

A total of 100 questionnaires were distributed among the randomly selected women respondents and ten questionnaires were emailed to loan managers under the three AgriTrade partner banks. All ten questionnaires from loan managers were retained while a 65 per cent return rate was achieved from women respondents.

4.1.1 Demographic Information

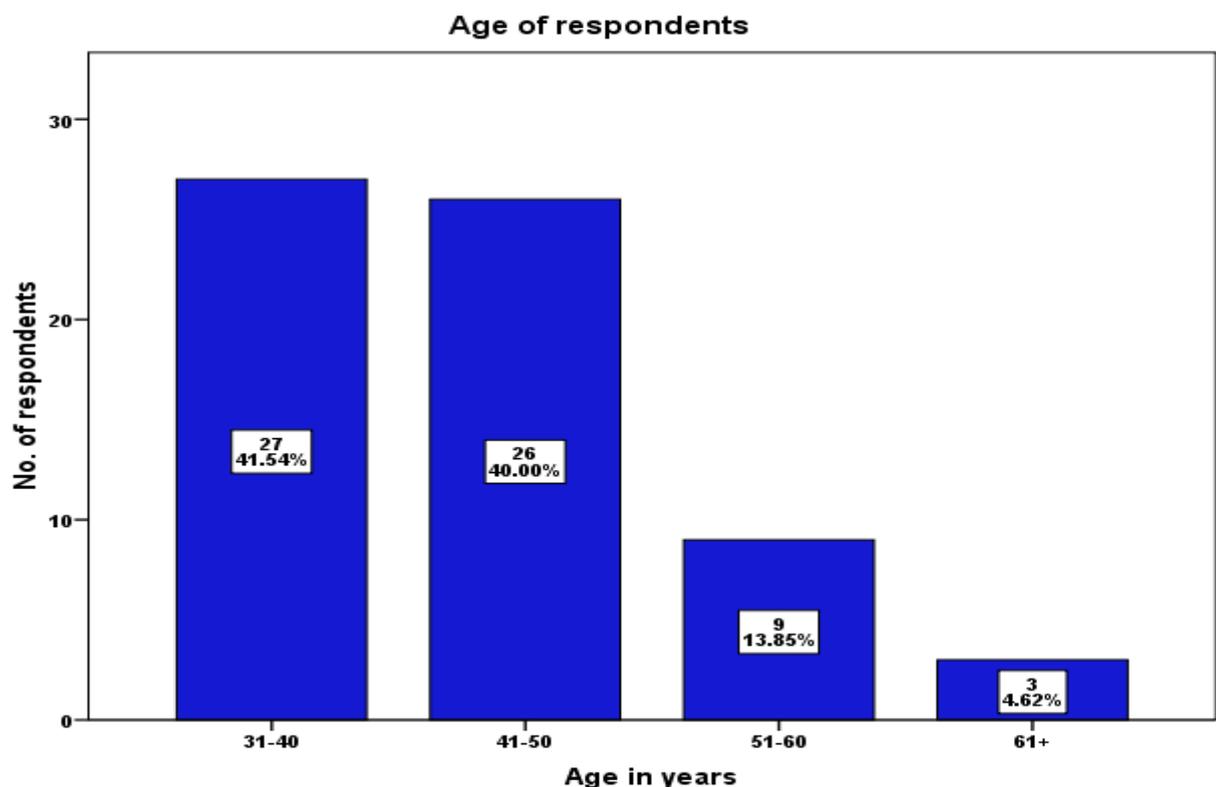


Figure 4.1 Age of women respondents

Results

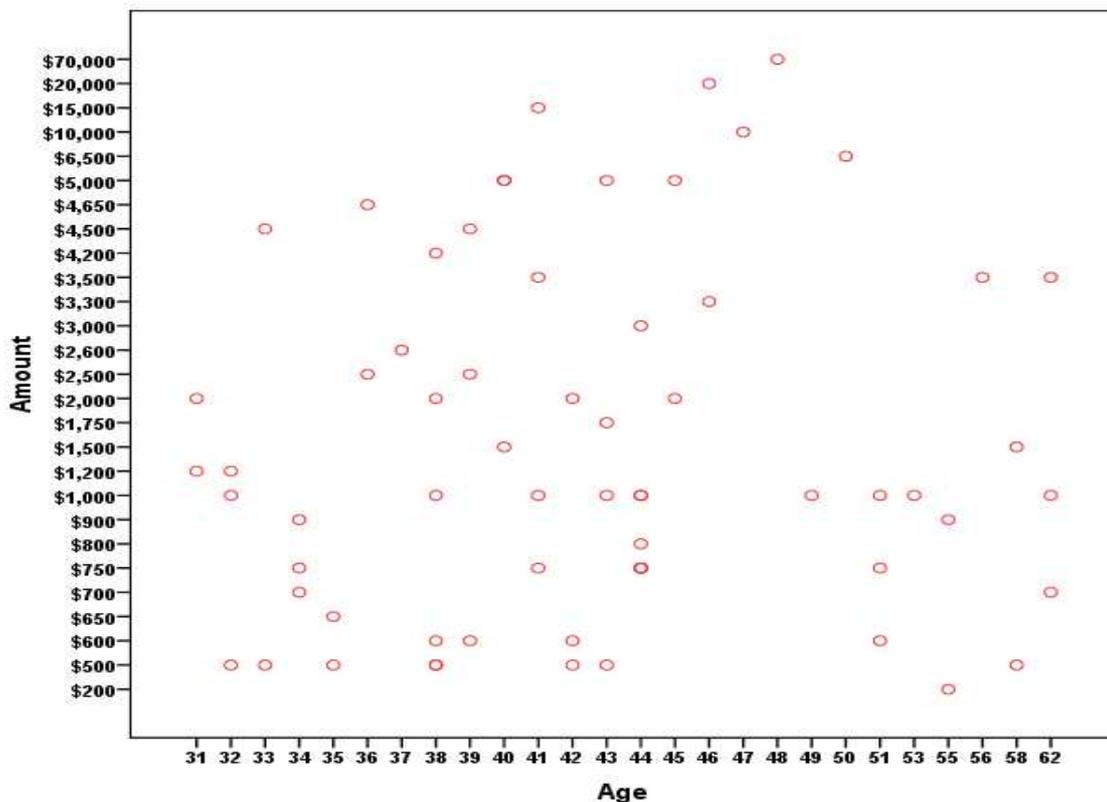
- **Figure 4.1** shows that the majority of women respondents who borrowed under the AgriTrade Fund were below the age of 50 years. The two age

categories, 31-40 and 41-50 were almost at par, accounting for 41.54 per cent and 40 per cent, respectively. Women in the age categories, 51-60 and above 60 years accounted for 13.85 per cent and 4.62 per cent, respectively. There were no women respondents aged 30 years and below.

Discussion

The large number of women borrowers in the age category 31-50 years was attributed to the need for women to be physically fit in order to undertake the day to day running of businesses. Women in agri-business have multi-tasks of running their businesses and at the same time looking after the family household activities. This requires that the person be physically fit thereby making ageing women above 50 years, less likely to be running businesses and at the same time attend to family issues. Although there were no women respondents under 30 years, under the AgriTrade Fund, a few women borrowers in this age group operated their own businesses or assisted their ageing parents. The study established that there was no relationship between the age of the applicant and the value of loan received (Figure 4.2). Therefore the loan amount received was not influenced by the age of the applicant.

Figure 4.2: Correlation analysis of Age and Loan Amount accessed.



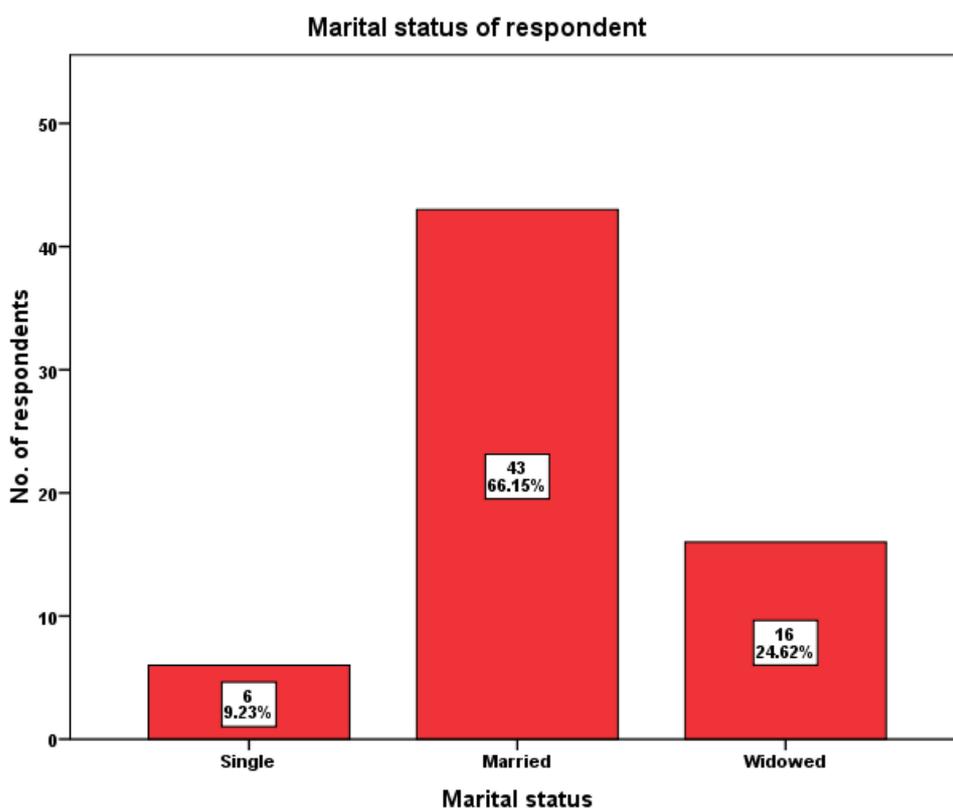


Figure 4.3: Marital status of women respondents

Results

- **Figure 4.3** shows that the majority of women respondents were married (66.15per cent) while the widowed and single, accounted for 24.62 per cent and 9.23 per cent, respectively.

Discussion: Married women were able to establish SMEs as they could get assistance in raising start-up capital from their spouses compared to those who were single or widowed. Loan managers emphasised that married women were also more likely to pay back loans better than the single or widowed women, in the event that their businesses fails to perform. This is because the husbands could assist their wives in repaying the loans using funds accessed from elsewhere. Single or widowed women faced challenges in getting assistance from family or friends. Loan managers under MicroKing, therefore, tended to be biased towards financing married women over the single or widowed women. However, CABS and Trust Bank considered immovable property pledged over marital status and as such, in the event that the business failed, the pledged property would be sold to recover the loan.

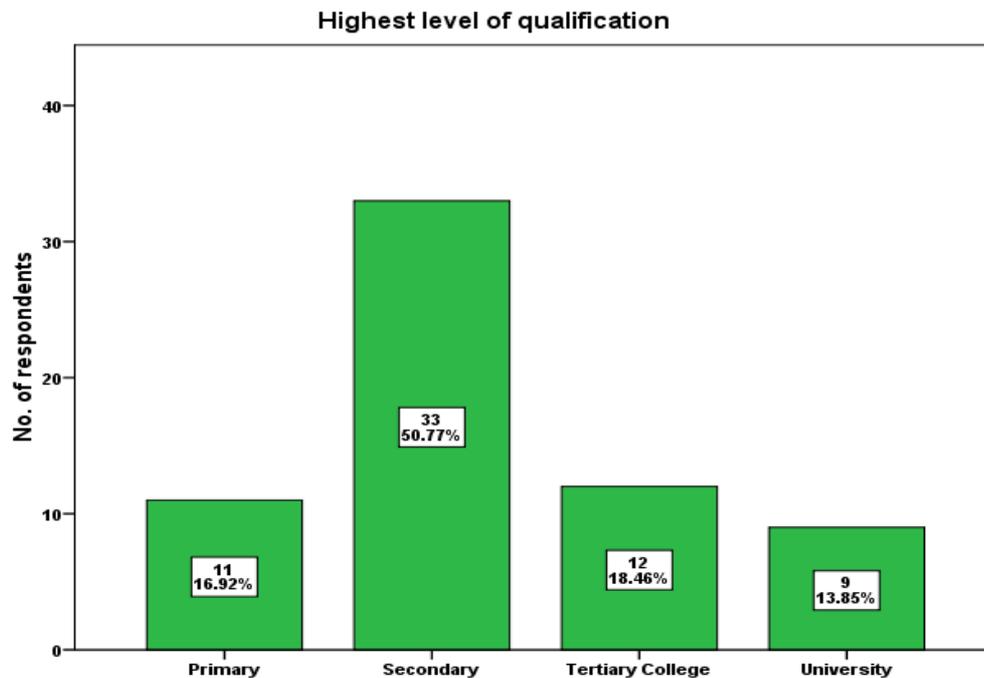


Figure 4.4: Highest level of qualification by women respondents

Results

- **Figure 4.4** shows that there were more women respondents who attained secondary education (50.77 per cent) while those that attained tertiary college and primary level were almost at par (18.46 per cent and 16.92 per cent), respectively. Few women attended university (13.85 per cent).

Discussion

Loan managers under CABS and Trust Bank revealed that the more educated one is, the more he/she is able to run a business, professionally and efficiently. Women who attained tertiary college and university education were able to produce their own business proposals and financial information. These were able to manage high value loans in excess of \$100,000. There were however more loans to women who attained secondary education under MicroKing. The loan managers considered education attained by the applicants where security pledged was in the form of movable assets, which was mainly household property. The level of education attained was important under this form of security, as it reduced the risk of fund mismanagement due to the lack of knowledge. Women respondents who reached primary level accessed AgriTrade loans based on their experiences in running their businesses.

4.2 Results and Discussions

Respondents that received training

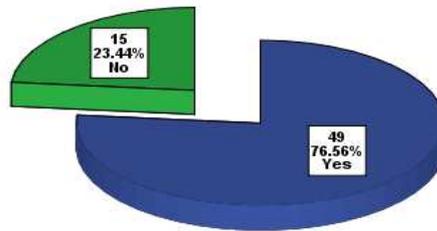


Figure 4.5: Women respondents that received training



Figure 4.6: Business training services accessed by respondents

Results

About seventy-seven percent of women respondents attended training sessions through MicroKing while 23.44 per cent did not (**Figure 4.5**). **Figure 4.6** shows that

40.74 per cent of the respondents received training in accounting, 35.19 per cent in marketing, 9.26 per cent in costing, 1.85 per cent in pricing and other forms of training accounted for 12.96 per cent. Training under MicroKing was mandatory as it improved business management skills of the borrowers and enable the women who participated to access repeat loans under the Fund.

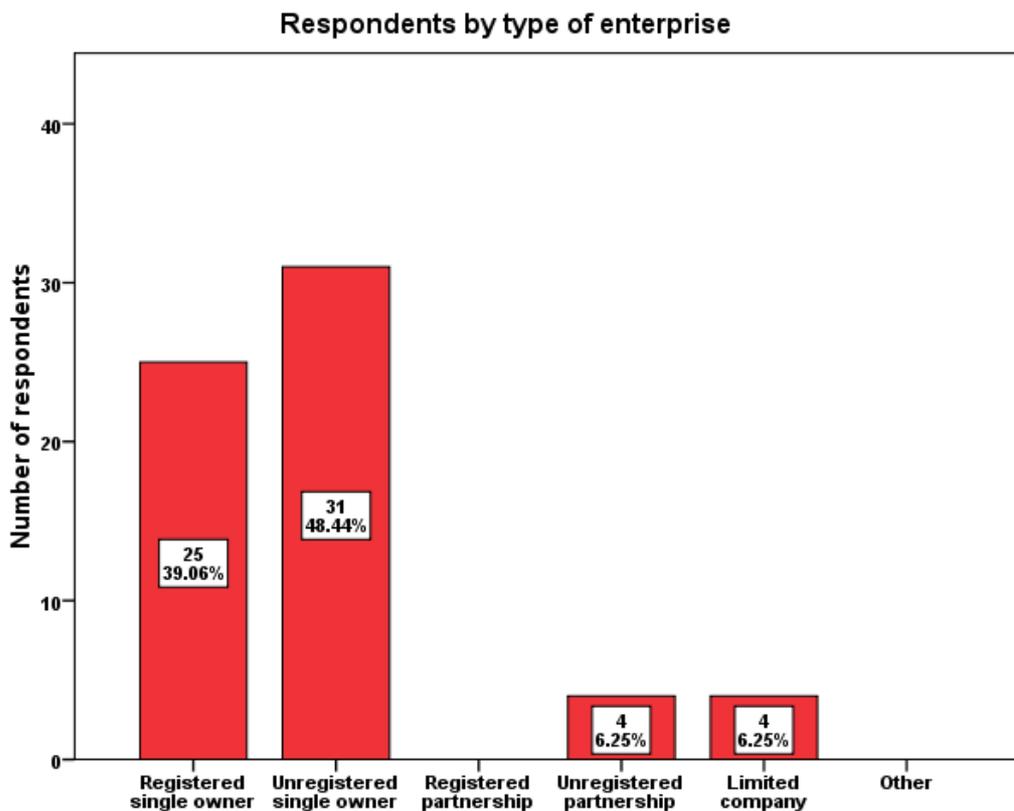


Figure 4.7: Respondents by type of enterprise

Results

Figure 4.7 shows that the majority of women respondents operated businesses that were unregistered under a single owner (48.44 per cent) and registered under a single owner (39.06 per cent). Those that were unregistered partnerships and limited company were at par, accounting for 6.25 per cent each.

Discussion

The high number of businesses that were under single ownership and either registered or unregistered accessed AgriTrade loans only under MicroKing. The majority of borrowers under these two categories borrowed loans below \$10,000 mainly because no collateral in the form of immovable property was required.

MicroKing was ideal as it preferred extending loans below \$10,000 and that it also accepted movable assets such as household property and business assets. Unregistered single-owner SMEs also accessed loans under MicroKing as the Microfinance Institution accepted personal accounts to access loans. CABS and Trust Bank on the other hand, required that one opens a business account, which would also require that one be registered as a company. Few women-owned SMEs could afford to raise the capital needed to register as a company, resulting in few women SMEs that were registered as limited companies under the Fund.

Respondents by type of business

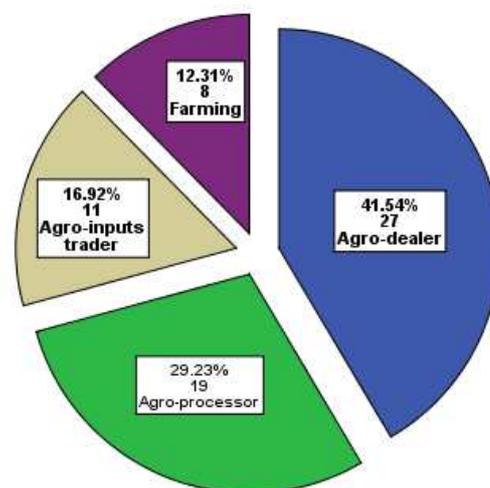


Figure 4.8: Respondents by type of business

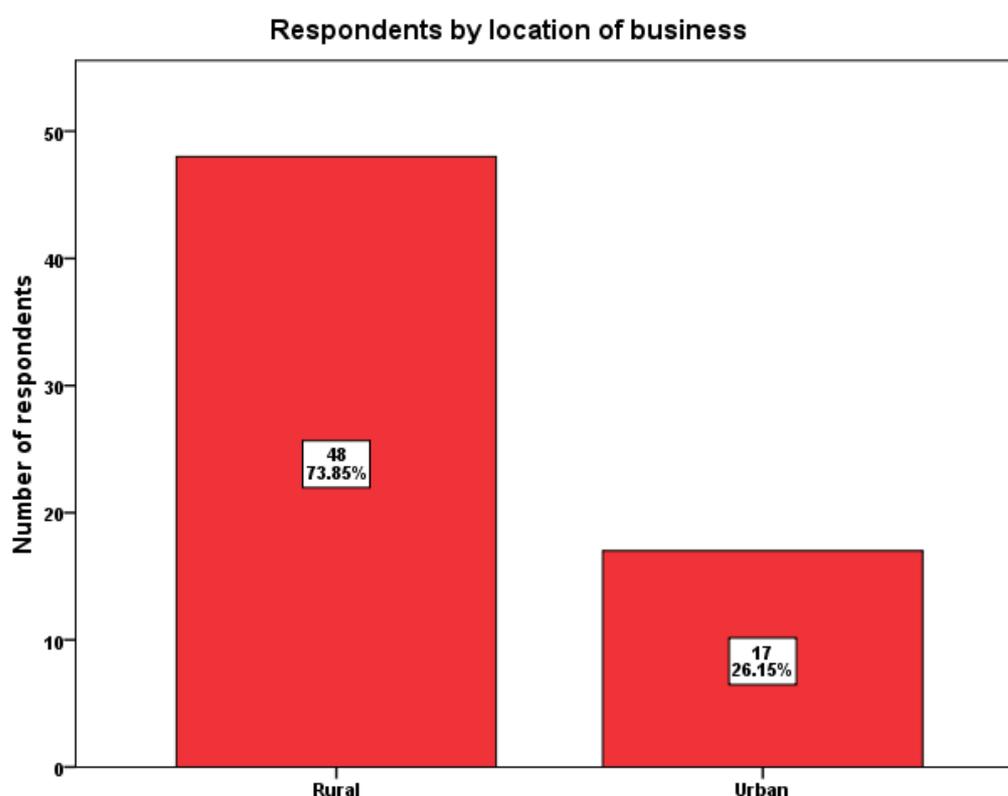
Results

Figure 4.8 shows that the highest percentage of women respondents (41.54 per cent) were agro-dealers involved in the buying and selling of crops and livestock produce, followed by 29.23 per cent of women-owned SMEs involved in agro-processing. The remainder was accounted for by agro-inputs traders (16.92 per cent) and primary producers (12.31 per cent).

Discussion

The large percentage by number of agro-dealers under the Fund was attributed to the Fund's main goal during first 27 months from inception. The goal was to identify buyers of farm produce and link them with smallholder farmers. It had earlier been noted that the few large agro-merchants in Zimbabwe preferred buying only large quantities of 30 tonne or more at any one time, which the majority of smallholder farmers could not aggregate as individuals. This resulted in the need to identify agro-dealers who could buy small quantities, consolidate and sale in large quantities to agro-merchants. There were therefore, more loans disbursed to agro-dealers than to agro-processors, agro-inputs traders and primary producers. The number of agro-processors that accessed the loans was also higher than the number of agro-inputs traders and primary producers. This was because agro-processors were important as they purchased bulk produce from the agro-dealers. This enabled them to quickly get paid in cash and go back to the field to purchase more commodities.

Figure 4.9: Business locat



women respondents

ion of

Results

Figure 4.9 shows that the majority of women respondents operated SMEs that were located in the rural areas (73.85 per cent) while a few were in the urban areas (26.15 per cent).

Discussion

The large proportion of women borrowers in the rural areas was attributed to the eligibility criterion under the AgriTrade Fund. The Fund required that businesses accessing the AgriTrade loans purchase directly from or sell directly to smallholder communal farmers agricultural commodities. There were more rural agri-businesses that accessed the Fund compared to those in the urban areas due to their proximity to smallholder communal farming areas. The majority were agro-dealers operating small shops or general dealers and hardware stores at growth points.

They purchased the agricultural produce from communal farmers by either going directly into their homesteads or by erecting banners that invited them to bring their produce to their business premises. Rural inputs traders located at growth points in the rural areas accessed the funds as they sold farm inputs directly to the smallholder communal farmers. Few women in the urban areas travelled to rural areas to buy farm produce in bulk and sale as small portions at open markets or in bulk to processors.

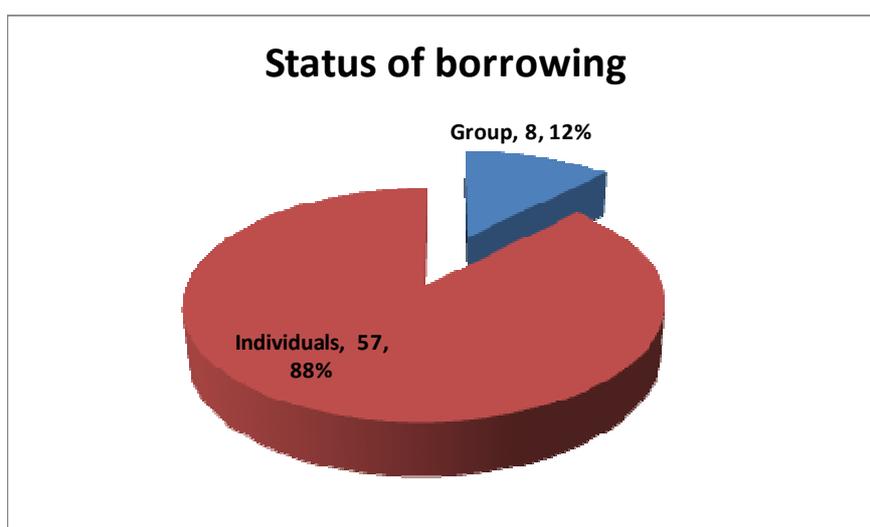


Figure 4.10: Status of borrowing by women respondents

Results: **Figure 4.10** shows that the majority of women respondents borrowed as individuals (88 per cent) while a few were in groups (12 per cent).

Discussion

Individual women borrowers were mainly agro-dealers operating as individuals while primary producer formed groups for banks to waive collateral through group co-guaranteeing.

Status of the business premise occupied

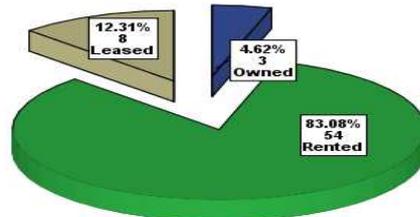


Figure 4.11: Status of business premise occupied by women respondents

Results: **Figure 4.11** shows that 83.08 per cent rented the business premises they occupied. 12.31 per cent leased the properties while 4.62 per cent owned the properties.

Discussion

Many women-owned SMEs rented business properties mainly because they did not have capital to build own properties. Few primary producers leased farm land for crop production.

Table 4.1: Number of repeat loans by type of loan

Type of Loan	Second Loan	Third Loan	Fourth Loan	Fifth Loan
No of borrowers	35	24	13	5

Table 4.2: Value of repeat loans by type of loan

Type of Loan	Second Loan	Third Loan	Fourth Loan	Fifth Loan
No of borrowers	35	24	13	5
Amount US\$	202,400	57,450	42,000	13,100

Results

The number of women respondents that received repeat loans decreased as the number of repeat loans accessed increased. Fifty-four per cent received second time loans, 36.92 per cent third time loans, 20 per cent fourth time loans and 7.69 per cent fifth time loans. The value of loans to women for repeat loans also decreased with each successive repeat loan.

Discussion

Repeat loans were only accessed by borrowers who had fully repaid their existing loans. The decrease in the number of women borrowers that accessed repeat loans was attributed to the borrowers, either failing to fully repay the loan in time or simply because the borrowers were no longer accessing loans under the Fund. Loan managers under MicroKing attributed the decrease in the number of women borrowers who were no longer borrowing under the Fund, to reluctances to pay for loan interest. The women borrowers complained that interest reduced their profits.

The interest component and the establishment fees charged for the loans, coupled with transport costs and weekly or monthly rentals for their operating spaces; significantly reduced their business earnings. This was because most of the women-owned SMEs were small businesses that generated small profits and any extra cost or expenses were significant in reducing their gross margins.

The value of women repeat loans also decreased. Borrowers that failed to pay their monthly instalments in time under MicroKing had their repeat loans reduced. The percentage decrease was at the discretion of the loan managers. Most women borrowers failed to settle their monthly instalments due to delays in payment by their creditors. This was because some creditors who were male took advantage of the fact that they were women.

Respondents that applied for additional loans

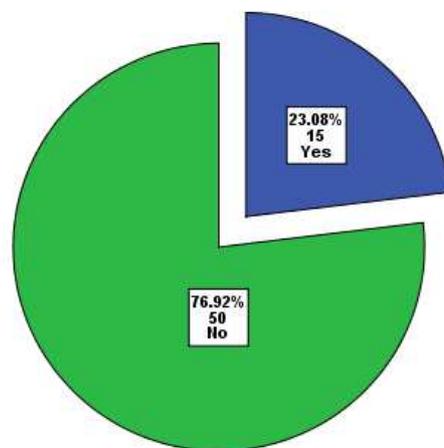


Figure 4.12: Women respondents that applied for additional loans

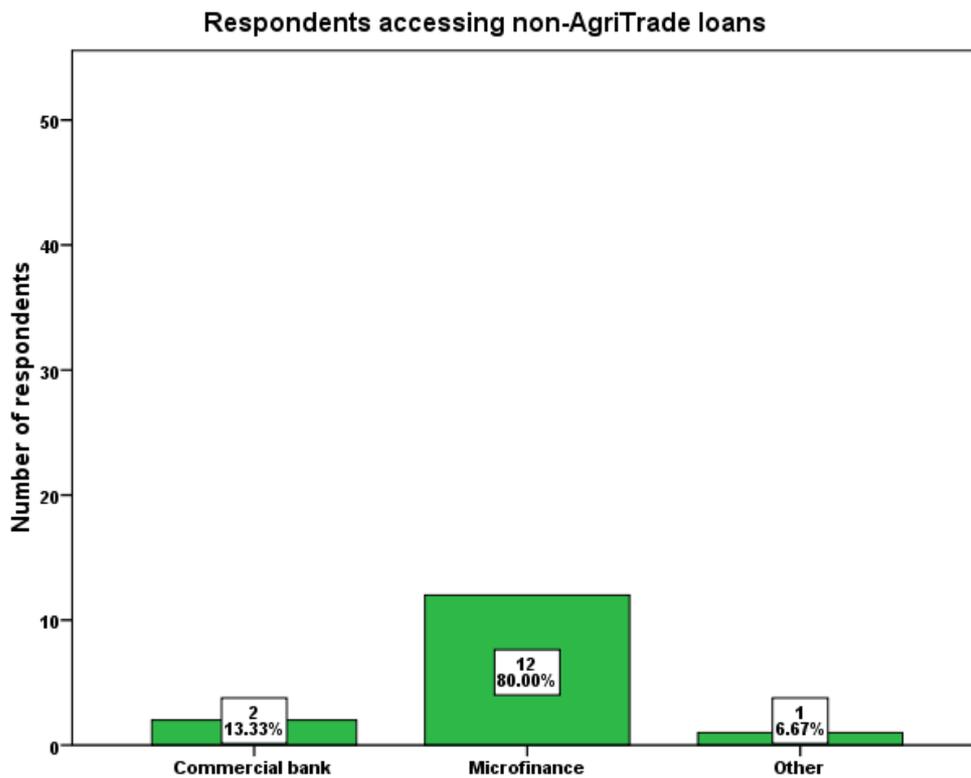


Figure 4.13: Women respondents that accessed additional non-AgriTrade Loans

Results

Figure 4.12 shows that 23.08 per cent of the women respondents accessed additional loans apart from the AgriTrade Fund while 76.92 per cent did not apply. The majority of women-owned SMEs that applied for additional loans accessed them through Microfinance Institutions (80 per cent) while a few approached commercial banks (13.33 per cent) and other informal sources (6.67 per cent), **Figure 4.13**.

Discussion

The women-owned SMEs that borrowed from the Fund and accessed additional loans from other sources cited that AgriTrade loans they initially received were inadequate. Most women-owned SMEs received lower loan amounts than what they had applied for. The amounts approved were in most cases too little to undertake or establish their intended projects. This therefore forced them to apply for additional funds from elsewhere.

Loan managers under MicroKing cited the low business net worth of the women-owned SMEs, as the main reason for approving reduced amounts for the majority of

the loans applied by the borrowers. Many women SMEs that applied for the loans failed to produce business records such as purchases receipts or sales receipts while others did not have bank accounts which would help loan managers in making informed decisions towards the financing of the businesses.

The majority of the women-owned SMEs that were first time applicants under the Fund as well as under MicroKing, were not able to show any history of borrowing. The micro financier was therefore risk averse on such borrowers and approved small loans for their first loans. Repeat loans would only increase if the borrowers repaid their loans in full and on time.

Women borrowers that received the same loan amounts for their repeat loans failed to show signs of business growth which could be reflected either through record of increased sales or through the account activity. Some of the women SMEs failed to provide additional collateral for the increased amounts they applied for. MicroKing was however comfortable increasing the loan amount on the third loan. By successfully paying back two loans, before or on the due date, it was adequate proof for the loan managers to consider the business as performing.

Most women SMEs that accessed additional funding through other sources wanted to expand their businesses. After accessing the initial AgriTrade loan, a repeat loan could only be approved after fully repaying the existing loan. It was illegal to borrow twice under the Fund through either of the AgriTrade partner banks. There were however, a few women SMEs that accessed additional funding due to pressing family obligations such as death, the need to pay for children's school fees among others.

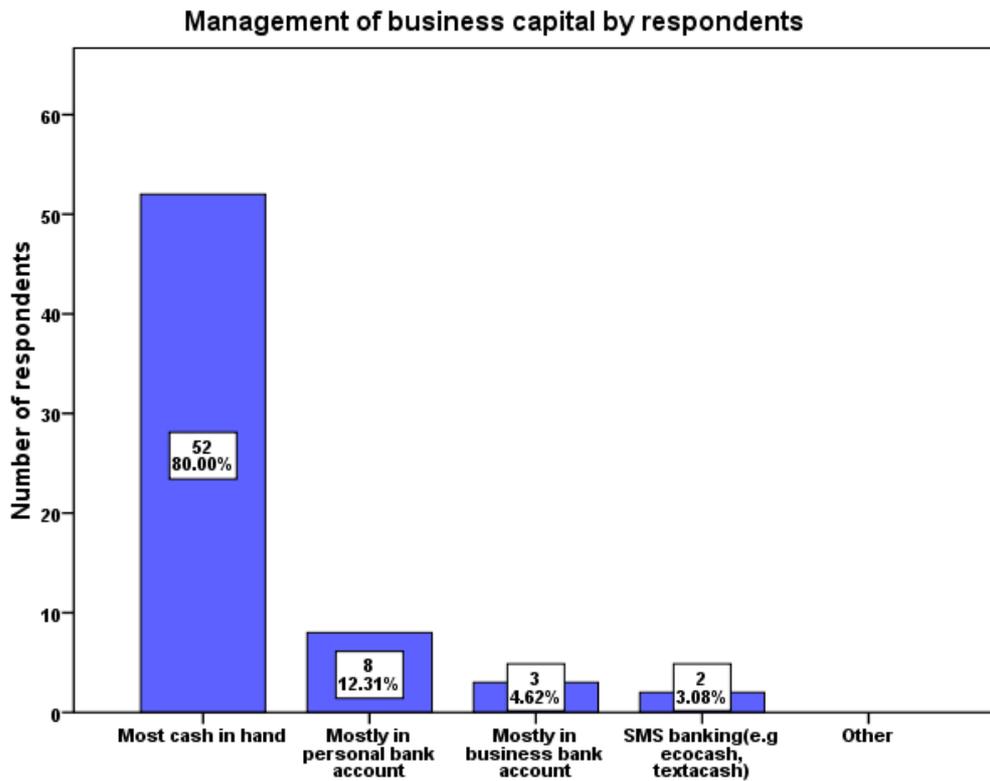


Figure 4.14: Business capital management by women respondents

Respondents with more than one bank account

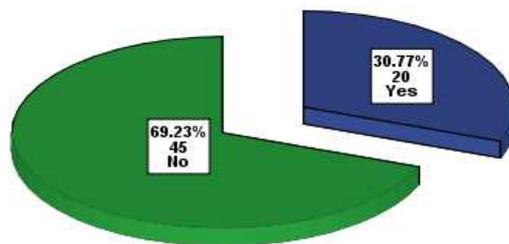


Figure 4.15: Women respondents with more than one bank account

Results

Figure 4.14, shows that the majority of women respondents managed their business operating capital as cash in hand (80 per cent) while the remainder (20 per cent) was spread across personal bank account, business account and SMS banking such as Eco-cash (the Econet Zimbabwe Platform) and text-a-cash (under CABS) and others.

Figure 4.15 shows that only 30.77 per cent of the women respondents had a separate bank account other than the bank account specific for their businesses while 69.23 per cent did not have. These accounts were either opened before the borrowers accessed their first AgriTrade loans or after they accessed the loans.

Discussion

Most of the women respondents kept the funds for the business as cash in hand. They responded by saying that their businesses involved cash transactions as opposed to bank transfers as the amounts involved at any one time were very small. The respondents also mentioned that agri-businesses such as the buying of farm produce from smallholder farmers required that they carry cash in hand as most of the smallholder farmers did not have bank accounts. In order to buy crop produce or livestock such as cattle, smallholder farmers required that they be paid cash on the spot as the cash was urgently needed for use on domestic spending. The respondents who used bank accounts were those that sold their products on credit to large corporates such as TM, OK or SPAR which required that their creditors open bank accounts through which they would make their payments. The specific bank accounts for their businesses were also opened following the need by the bank to disburse the loans into such accounts. The loan managers required that borrowers make regular deposits into their accounts as this created their banking history which was important for future borrowings. Responses by loan managers revealed that a few women borrowers made regular deposits into their bank accounts citing that the borrowers complained about the cost of travelling to and from the towns and cities to make deposits since many of them operated their businesses in the rural areas. Although there were SMS banking platform such as the Eco-cash which do not require that one opens a bank account, a few women businesses used this platform. Respondents highlighted that, although they had Eco-cash agents located near them, in most rural areas, the agents failed to provide large amounts of cash as at when it was needed. In some instances, for one to make cash withdrawals through Eco-cash, he/she had to wait for a deposit to be done first, and this affected their operations.

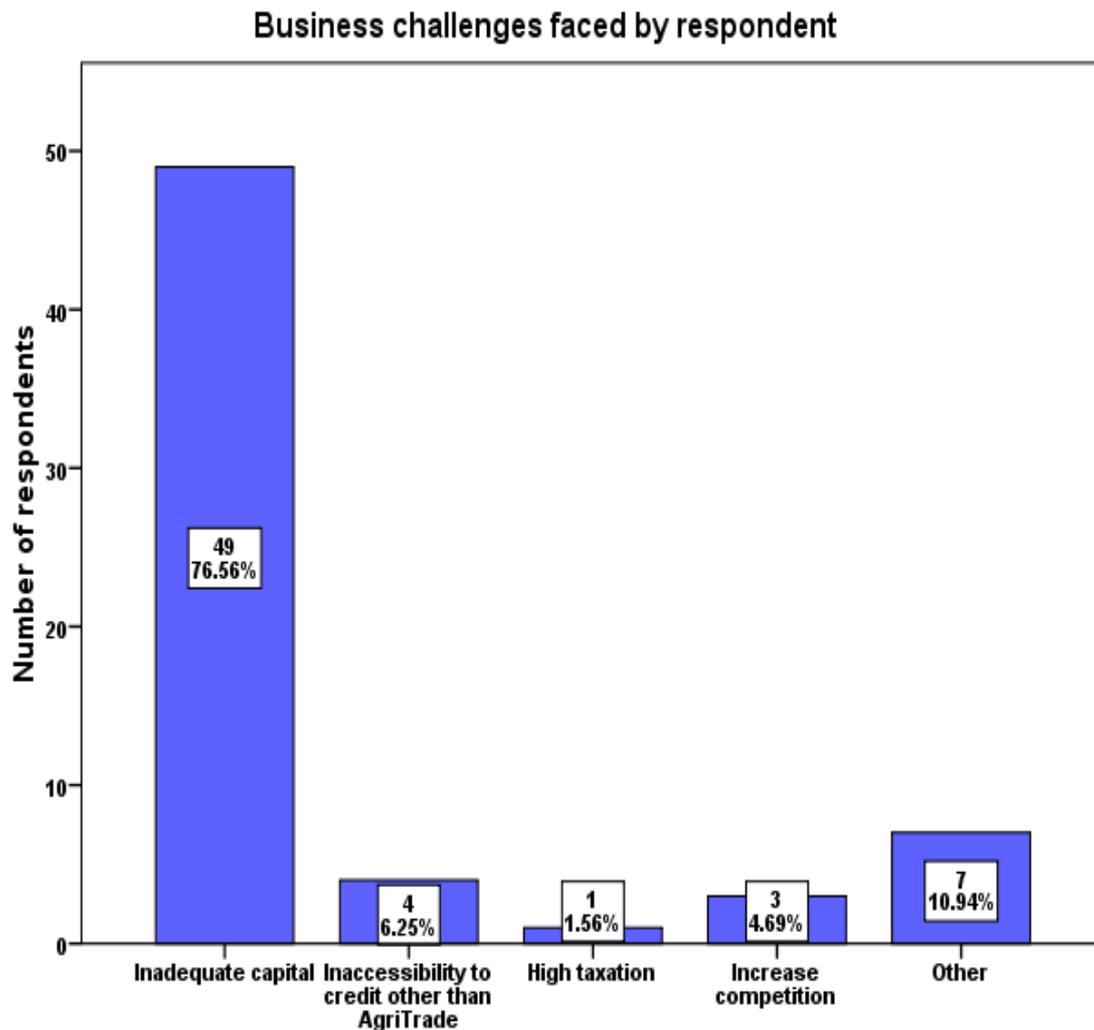


Figure 4.16: Business challenges faced by women respondents

Results

Figure 4.16 shows that women borrowers faced challenges due to inadequate capital for running their businesses (76.56 per cent), 6.25 per cent faced challenges in accessing funding from other sources other than the AgriTrade Fund while increase in competition was high and taxation were not common (4.69 per cent and 1.56 per cent, respectively). Those in the category ‘other’ accounted for 10.94 per cent.

Discussion

The majority of the women respondents lacked adequate capital for running their businesses and this resulted in the need to borrow loans from financial institutions. Most businesses failed to raise capital from own sources such as capital injection

from their husbands who were either formally or informally employed, family savings or as loans from friends, the sale of personal possessions such as movable assets (for example personal cars), sale of a property and so forth.

Women SMEs that borrowed under the Fund who needed to borrow additional funding through other financial institutions outside the AgriTrade Fund faced challenges in providing collateral in the form of immovable property. CABS, IDBZ and CBZBank as well as SEDCO which offered SMEs facilities in Zimbabwe required collateral in the form of immovable property for loans above \$1,000. Under the AgriTrade Fund, loans below \$10,000 under MicroKing were secured by movable assets.

MicroKing did not require that SMEs prepare a business proposal and or financial statements which were however required by other financial institutions including CABS and Trust Bank. These businesses failed to raise capital to hire consultants to prepare business proposals that would suit the bank's requirements. Consultants charged between US\$150 and US\$200 for a complete business plan in Zimbabwe. Women-owned SMEs also failed to raise funds to hire auditors to audit their financial accounts, which was a requirement under CABS.

CABS, Trust Bank and other commercial banks requested for tax clearance certificates from businesses in order to borrow. The majority of the women SMEs applying under the AgriTrade Fund did not have these certificates while those that had, were not up to date with their tax payments. This resulted in many of them withdrawing their applications. Competition from larger corporates was noted for women-owned SMEs that purchased crop and livestock commodities from smallholder farmers. Large corporates, which processed agricultural commodities, purchased the commodities in bulk and offered higher prices than most women-owned SMEs. Increased costs on purchase were absorbed through the sale of finished products. The small agro-dealers failed to compete as high purchasing prices eroded their profits. Other challenges mentioned included the lack of operating space which resulted in applications under CABS and Trust Bank being declined, as the banks needed to assess business premises. Women-owned SMEs involved in the primary production of agricultural produce were required to provide proof of the existence of markets. CABS and Trust Bank required that for smallholder farmers on irrigation schemes provide a letter of guarantee to buy the produce and that the payments would go through the two banks for loan repayment.

Respondents receiving assistance

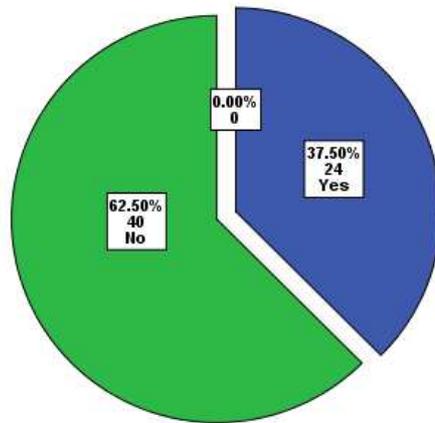


Figure 4.17: Women respondents receiving assistance

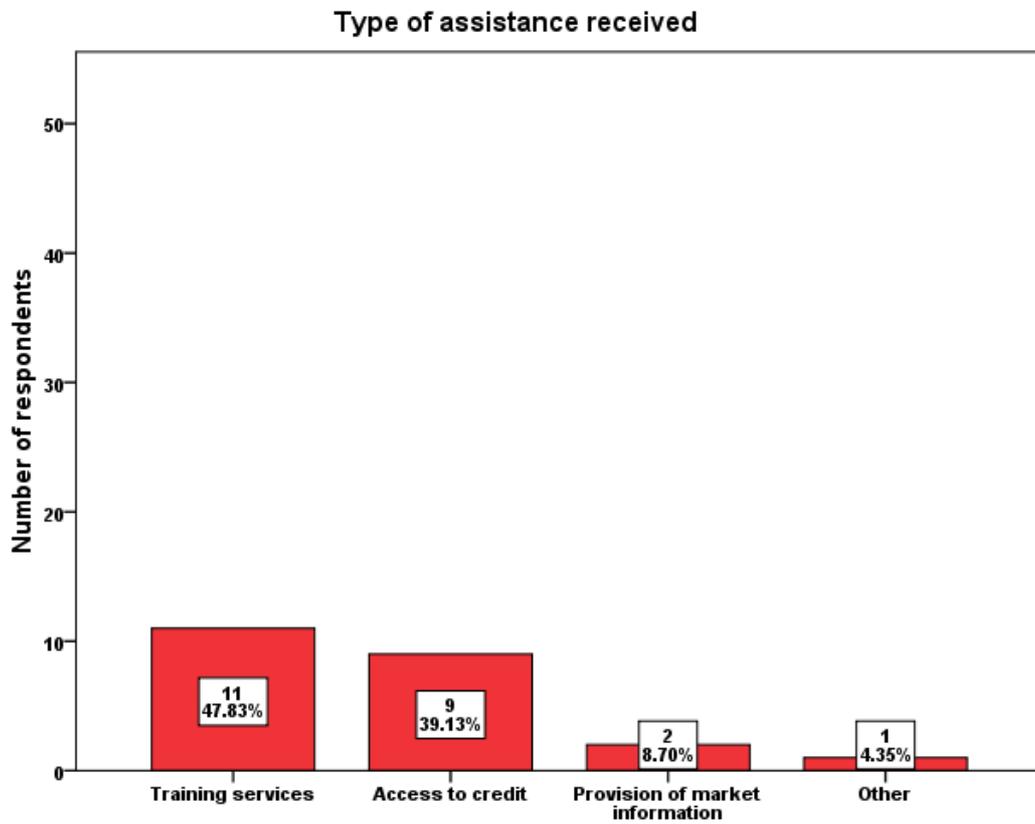


Figure 4.18: Type of assistance received by women respondents

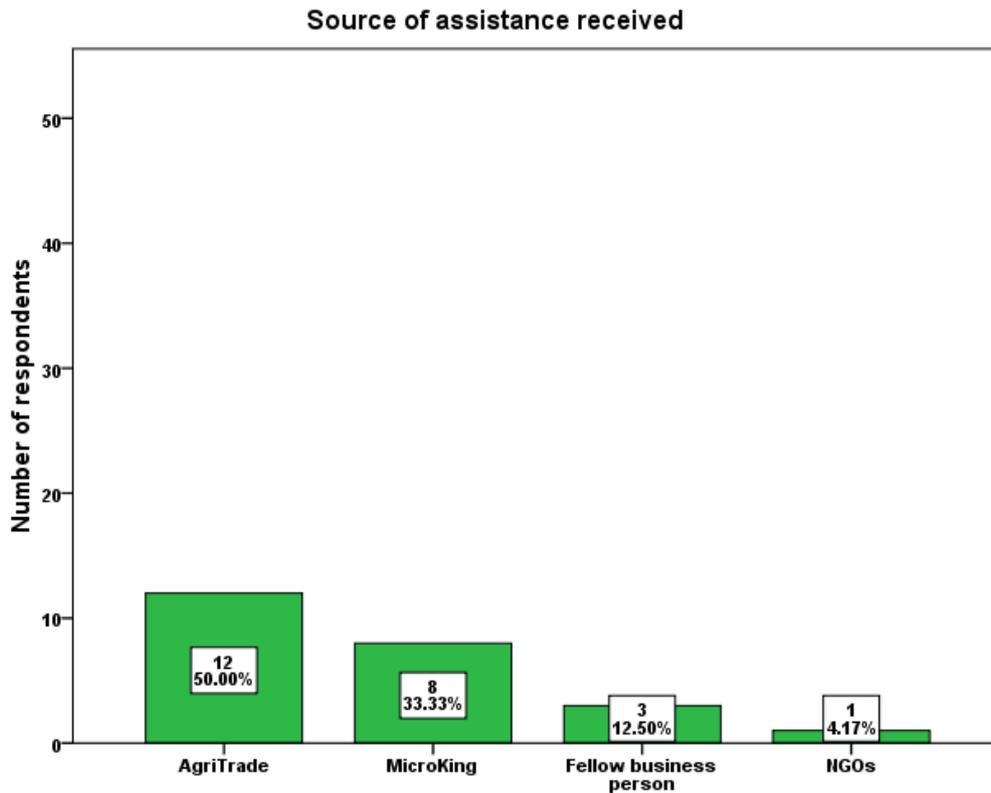


Figure 4.19: Source of assistance received by women respondents

Results

Figure 4.17 shows that 37.50 per cent of women respondents received help in addressing business challenges while 62.50 per cent did not. For the women-owned SMEs that received help, the majority (47.83 per cent) received training, followed by 39.13 per cent that received formal credit. A few (8.70 per cent) received information on markets and other forms of assistance (4.35 per cent) mentioned under the category, ‘other’ (**figure, 4.18**). **Figure 4.19**, shows that many women-owned SMEs received assistance for the various challenges they faced through the AgriTrade Fund (50 per cent), 33.33 per cent through MicroKing’s internal portfolios while a few received assistance from fellow business person and NGOs, 12.50 per cent and 4.17 per cent, respectively.

Discussion

Assistance under the AgriTrade Fund and MicroKing were mainly through the AgriTrade Fund and in some cases through loans under MicroKing’s internal portfolios. MicroKing and Zim-AIED’s BDS provided free training services and access to markets. Other NGOs such as SNV also provided free training to smallholder

farmers while fellow business persons helped women-owned SMEs in various ways including charging low amounts for transport.

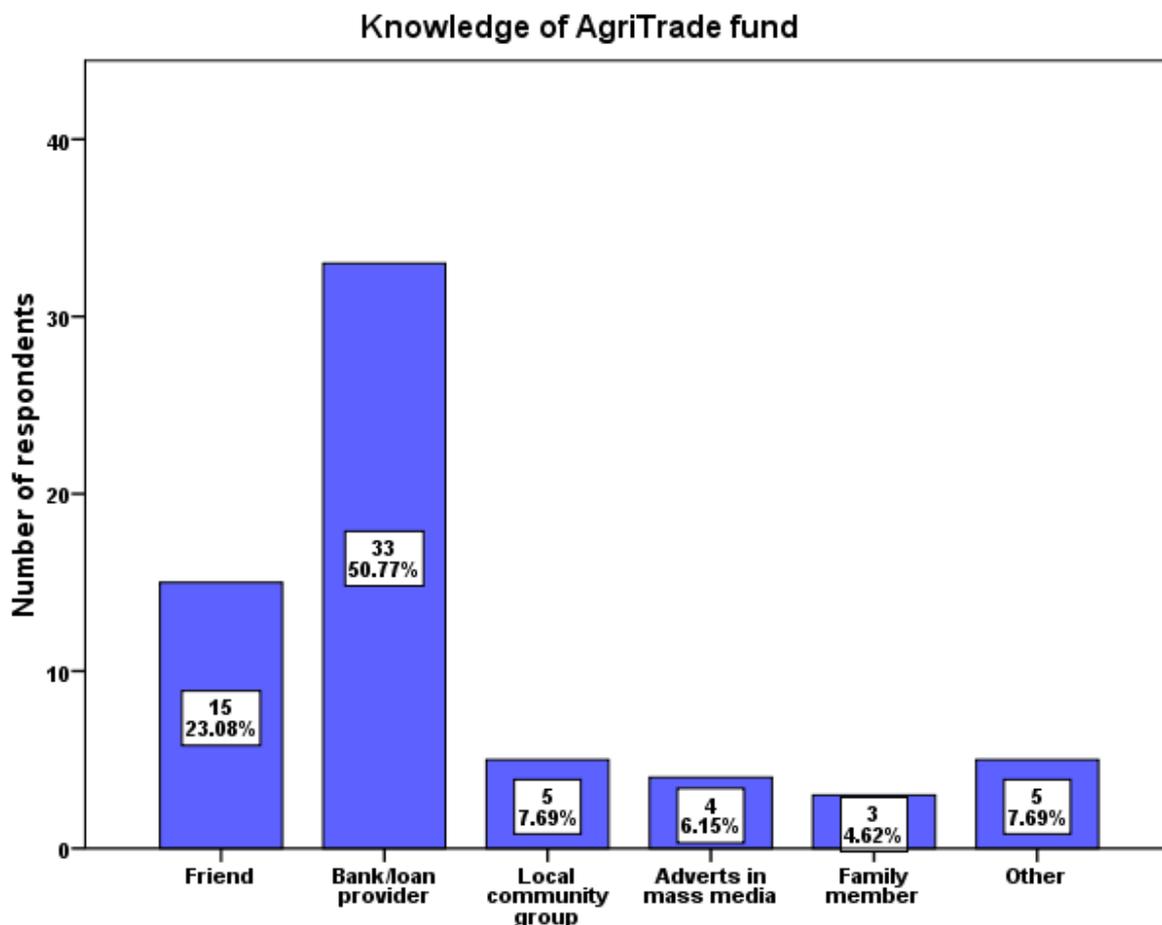


Figure 4.20: Access to information on the AgriTrade Fund by women respondents

Results

Figure 4.20 shows that the majority of women respondents (50.77 per cent) were introduced to the AgriTrade Fund through their bank or loan provider, from any of the three AgriTrade partner banks. Twenty three per cent of the respondents were advised by their friends, who either borrowed from the Fund or simply had knowledge of the Fund. Other women-owned SMEs that were introduced to the Fund through local community groups (7.69 per cent), adverts in the media (6.15 per cent) and family members (4.62 per cent). Those in the category 'other' (7.69 per cent) reported that they were introduced to the Fund through information provided by AREX Officers and NGOs in the area who knew about the Fund.

Discussion

The AgriTrade Fund partner banks marketed the product as they moved around the provinces in search of borrowers. AgriTrade Officers also assisted the banks by assessing potential borrowers after which, reference letters were sent to the banks. A newspaper advertisement was done by the three AgriTrade partner banks. However, few women-owned SMEs in the rural areas rarely purchased or read newspapers. It was also noted that local community groups disseminated information on the Fund during local community meetings.

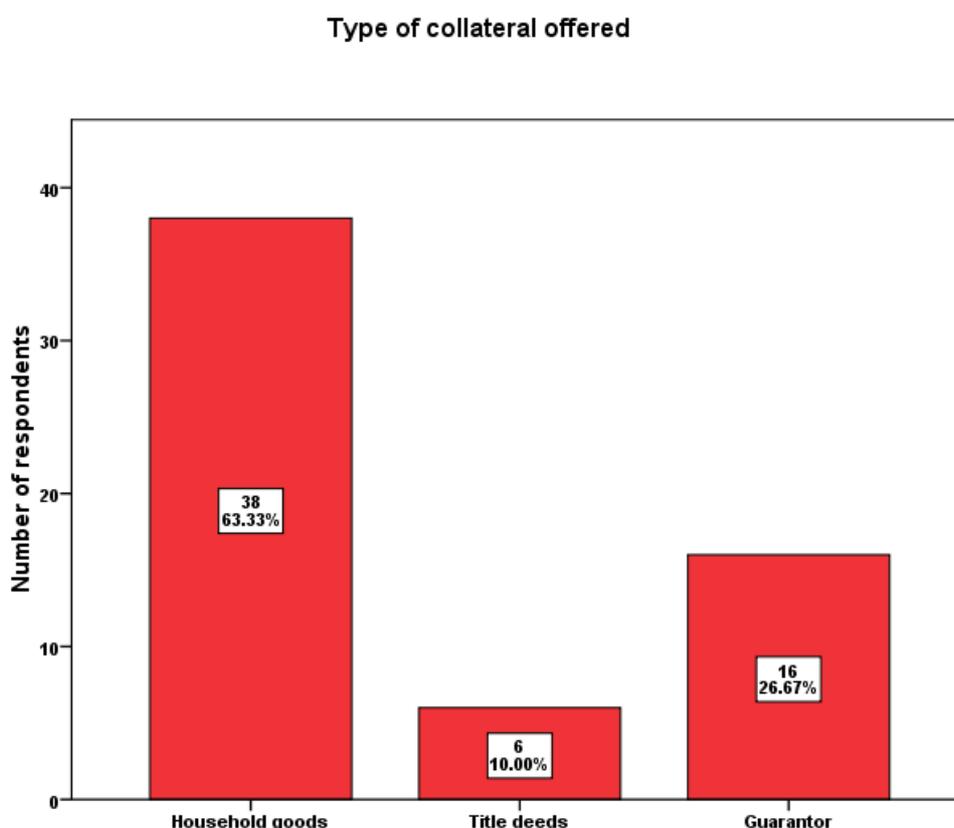


Figure 4.21: Type of collateral offered by women respondents

Results

Results from **Figure 4.21** show that household goods were the most common form of collateral pledged (63.33 per cent). This was followed by guarantors who acted as surety for the loans (26.67 per cent) while the least number of borrowers provided title deeds (10 per cent).

Discussion

The majority of the women-owned SMEs provided household goods as security for loans under MicroKing. Most women-owned SMEs applied for loans that were below \$10,000 and secured the loans with household property. Under MicroKing, guarantors were also required to provide unlimited guarantees for loans where household goods were not good enough for securing the loan. A formally employed guarantor was required to open a bank account with AfrAsia Bank where he/she would get paid through that account.

MicroKing is 100 per cent owned by AfrAsia Bank. Few women-owned SMEs provided title deeds in securing their loans. Title deeds were required for loans over \$10,000 under the partner banks. CABS and Trust Bank registered a mortgage bond which attracted bond registration fees while MicroKing held the title deeds without registering a bond. Women were not able to pay for the extra bond fees and preferred borrowing under MicroKing and for loans under \$10,000.

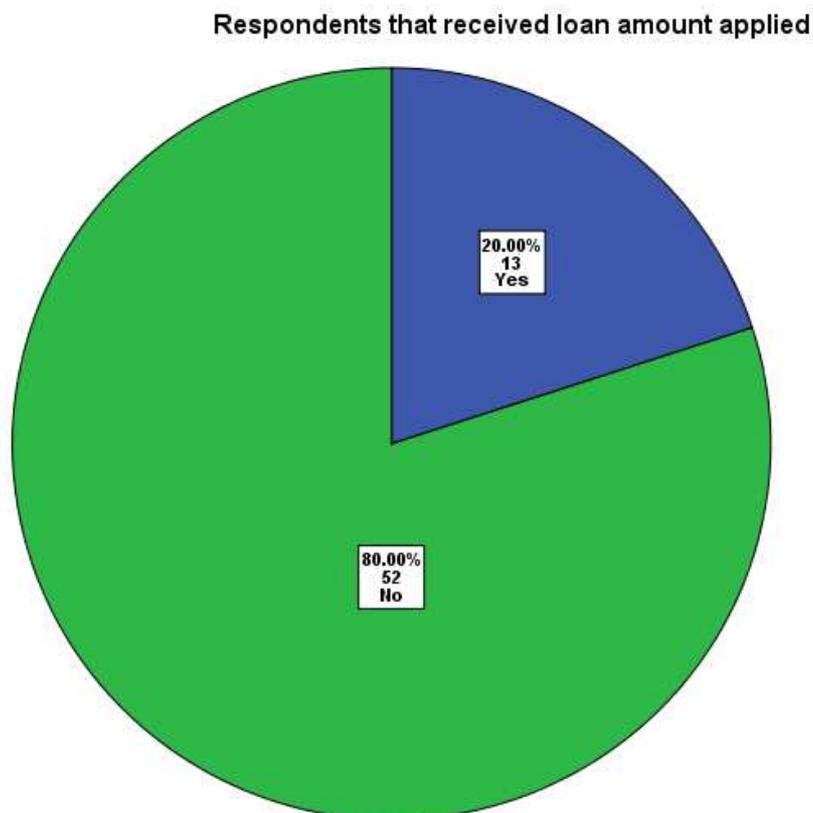


Figure 4.22: Women respondents that received loan amounts applied for.

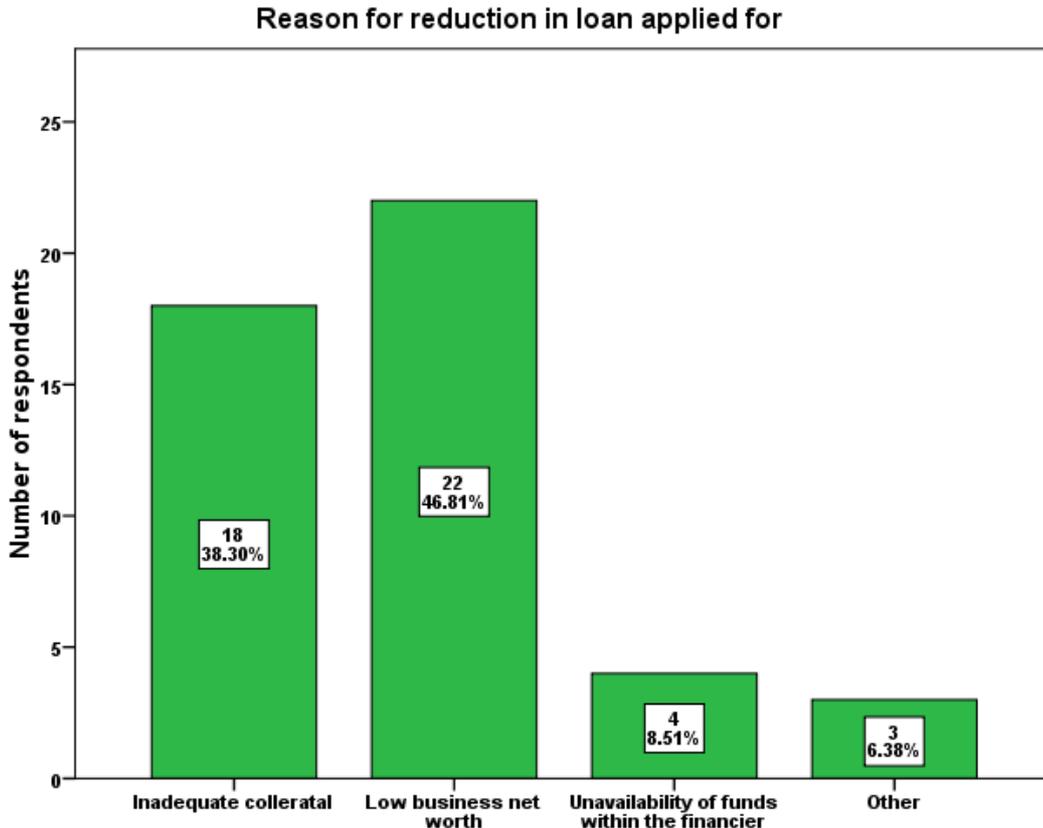


Figure 4.23: Reason for reduction in loan applied for by women respondents

Results

Figure 4.22 shows that 20 per cent of the respondents received the loan amounts they applied for while 80 per cent received loans at reduced levels. **Figure 4.23** shows that the majority of women borrowers failed to access the loans they applied for due to low business net worth (46.81 per cent), followed by inadequate collateral (38.30 per cent). Unavailability of funds and the category ‘other’ accounted for the remainder (8.51 per cent and 6.38 per cent, respectively).

Discussion

Many women-owned SMEs received reduced loan amounts, as the amounts they applied for were higher than their businesses’ net worth. CABS approved loans valued at between 70 to 80 per cent of the market value of the pledged collateral. Trust Bank required that collateral pledged be one and a half times the value of the loan while MicroKing assessed movable assets on a case by case basis. Most women in the rural areas failed to access the loans they wanted as a result of these

requirements. Reduced loans amounts due to unavailability of funds from the financial institutions were noted under Trust Bank when the bank started facing liquidity challenges in 2012.

4.3 Testing the proposition

The study established that socio-economic factors are among the main limitations for women-owned SMEs in accessing credit under the AgriTrade Fund. The socio-economic factors identified under the Fund included, lack of access to collateral as men registered properties in their names only, women lack of freedom to undertake agri-businesses that would require them to spend days away from home, lack of access to land and operating space, lack of start-up capital which resulted in women failing to start businesses. Demographic factors such as the level of education, age and marital status were considered by loan managers under the AgriTrade partner banks in the amount of loan accessed by the borrowers. Education enabled applicants to produce business proposals and financial statements while the age of women borrowers affected their ability to undertake agri-business activities and access to loans. Loan managers were also biased towards married women as the married women would rely on their husbands in repaying the loan using other sources of money, in the event that the business failed to perform.

4.4 Chapter Summary

The chapter presented data gathered from the research respondents and which was analysed using SPSS and excel. The results were presented in line with the main objectives of the study. The results were discussed in relation to responses from loan managers under the three AgriTrade partners from which information on how they view women-owned SMEs in lending were gathered.

Chapter Five: Conclusions and Recommendations

5.0 Introduction

The chapter presents conclusions made on the main findings of the study. Recommendations are proposed on policy changes and the administration of the Fund both at government level and at the banking sector. The recommendations are aimed at bringing new policies or practical measures which if implemented at micro and macro levels, may result in the increased number of women-owned SMEs accessing formal credit through financial institutions.

5.1 Conclusions

The following conclusions were drawn from the main findings of the study.

5.1.1 Demographic Background

The study looked at the distribution of women borrowers under the Fund by age, marital status and level of education attained. The study revealed that the majority of women who borrowed formal credit under the Fund were married, attained at least secondary education and were between 31 and 50 years. It was established that loan officers and loan managers under the three AgriTrade partner banks considered the applicant's age and level of education attained. They emphasized that age and education enabled women borrowers to manage their loans and their businesses in general, making them able to repay their loans in full and on time.

5.1.2 Objective 1

Examine the challenges that women-owned SMEs in the agricultural sector are facing in accessing the AgriTrade Fund

The study established that the main limitations faced by women-owned SMEs in accessing the AgriTrade Fund included socio-economic factors at borrower level, lender level and the Fund level.

Borrower level:

1. *Access to collateral:* The study established that collateral was the most important factor that banks considered in extending loans under the AgriTrade Fund. CABS strictly preferred immovable collateral with title deeds while Trust Bank and MicroKing also accepted movable assets. A few women-owned SMEs accessed loans above \$10,000 under the Fund which were secured

by title deeds while the majority accessed loans below \$10,000 which were secured by movable assets.

2. *Access to training:* Women-owned SMEs involved in farm production that did not have specific training on good agricultural practices (GAP) offered freely by NGOs, failed to access the AgriTrade Fund. Agro-dealers who provided certificates of business courses, such as those offered by COMESA, were preferred by the banks.
3. *Business records:* Women-owned SMEs that provided business records such as purchases receipts, sales receipts and others accessed the Fund. Business records were important for banks in assessing the business performance.
4. *Access to new agricultural technology:* The AgriTrade partner banks did not consider access to new technology as a limiting factor in accessing the Fund. Women-owned SMEs with old or obsolete technology in good working condition accessed the loans.
5. *Access to land and operating space:* Borrowers who owned land and their business premises accessed the Fund. However, for those that did not own land or business premises, lease agreements of not less than three years or yearly leases with options for renewal were accepted.
6. *Ready markets:* Women-owned SMEs involved in primary production and agro-traders that failed to provide evidence of previous sales, current supply contracts and letters of guarantee from buyers failed to access the Fund.

Lender level:

1. *Liquidity crisis:* The liquidity crisis under the banking sector forced the AgriTrade partner banks to allocate a small portion of their capital towards the AgriTrade Fund. This reduced the number of new borrowers and the value of loans extended. The liquidity crisis forced the banks under the Fund to be more stringent on collateral requirements, which resulted in a few women borrowers accessing the Fund.

2. *Security in the form of immovable property:* Collateral in the form of immovable property with title deeds under CABS significantly reduced the number of women borrowers under the Fund. Trust Bank and MicroKing were however flexible as they considered a case by case.
3. *Long turn-around time in loans processing and delayed disbursements:* Loan turn-around time under the AgriTrade partner banks exceeded a month in some instances. Delaying the processing of small loans, mostly below \$1,000 and their disbursements, forced the majority of women to look for the funds elsewhere resulting in a few loan uptakes when they were approved at a later stage.

Fund level:

1. *Trade with smallholder farmers only:* Women-owned SMEs that were located in the rural areas but were not dealing directly with smallholder farmers failed to access the Fund. This contributed to the small number of women borrowers under the Fund.
2. Businesses that had not been in operation for at least 12 consecutive months failed to access the Fund.
3. The Fund required that existing borrowers under the three partner banks' internal could only access AgriTrade loans that are equal to or higher than what they had already accessed. Existing women borrowers from the three AgriTrade partners failed to access the Fund as they could not provide additional collateral for larger loans. Most of them pledged household assets that depreciated with time.

5.1.3 Objective 2:

Examine existing financing models that can be implemented to increase the number of women-owned SMEs accessing agricultural credit.

1. *Group core-guaranteeing:* The study showed that women were able to access loans as groups. The AgriTrade partner banks waived collateral requirement as they considered group co-guaranteeing as security. Due to peer pressure, group members encouraged each other on project establishment and in loan repayment.

2. *Direct lending to farmers:*The AgriTrade partner banks were comfortable lending directly to farmers as the borrowers, mostly women, could not run away from their homesteads after failing to fully repay their loans. For many women, farm production was their only source of income.
3. *SMS Banking:*Untu Capital Microfinance attracted women-owned SMEs by disbursing loans through the Eco-cash platform which required no bank accounts and significantly reduced costs for travel to and from banks for loan repayment.
4. *Women headed and managed financial institutions:* Virl Microfinance managed to attract women borrowers by employing women loan officers. Women loan officers encouraged dialogue between themselves and the women borrowers, thereby enhancing banker and borrower relationships. It was also noted that the women borrowers were able to consult their bankers during and after working hours. The husbands did not complain about the female to female telephone conversation.

5.2 Recommendations

Borrower level (AgriTrade Women Borrowers)

1. To increase the number of women participating in workshops and field days under the agricultural sector, Agricultural Extension Officers (AREX Officers), NGOs and private companies involved should encourage the participation of men, women and even children who are old. These children can assist their ageing or uneducated parents to understand some concepts. By involving women and children, businesses will continue to operate in the event that the husband is no longer available.
2. Married men should support their spouses businesses by participating in the business if they are available. This is particularly important in agri-businesses that require that one spends days away from home, such as the buying of crop and livestock commodities. Men should either assist their spouses by taking over the task of going into the field or if they are not available, a male

employee can be hired while the women owners can only follow up to make cash payments for the purchases.

3. Married men should provide support and participate in the running of the day to day activities of their spouses' businesses. By being involved in the business, men will get confidence in their spouses businesses and be able to provide adequate collateral for securing their business loans. The husbands should also support their spouses by allowing them to make decisions on their own which makes them feel they own such decisions.
4. Married men should assist their spouses in the preparation of business proposals and financial information important for accessing business loans. The husbands should also accompany their spouses to financial institutions when submitting their applications. Loan defaulting is reduced if both partners are involved and are willing to support each other. Bankers take comfort in lending to women whose husbands show support for their businesses.
5. There is need for the government to introduce rules and regulations, especially at customary law, that protect widows from losing their pieces of land following the death of their spouses. Customary law should also enable women to choose between accepting or refusing levirate marriages, which in most cases, women to enter into, in fear of being chased away from their homes. Rural women should have access to land rights through the local authorities and chiefs, which is important in accessing credit.

Lender level (AgriTrade Partner Banks)

1. To increase the number of women-owned SMEs borrowers, financial institutions need to lend to borrowers on the merit of business viability as opposed to the ability to provide collateral. Collateral requirements should be secondary to business viability and banks should be able to assist borrowers by accepting more than one type of collateral in securing bank loans.
 - a. An example is a situation where a borrower secures 70 per cent of the loan with immovable property while 30 per cent is secured by movable assets, such as business equipment. Banks can start implementing such combinations for loans to borrowers they have worked with for a

long time and where they are able to appreciate their business's models and cash-flows.

2. Financial institutions that have the capacity to establish stand-alone SME departments should do so. However, for those that cannot, it is important that they collaborate with MFIs that are working with SMEs, both in rural and urban areas. Commercial banks can provide capital to MFIs as low interest bearing loans, which MFIs can then lend to SMEs.
3. Commercial banks should not only consider lending to SMEs involved in primary production in agriculture through contract arrangements that involve private entities, simply because the private entities are able to offer collateral. Primary producers can form strong farmer groups that are guided by constitutions and due to group peer pressure, project establishment and loan repayment are guaranteed.
4. Banks should undertake more than one loan monitoring visit during the tenure of any business loan. This will enable loan officers to identify SMEs that are not performing, either as a result of fund diversion or poor business strategies. By identifying troubled businesses early, loan officers will be able to initiate loan recoveries early before the loan goes into arrears.
 - a. Borrowers are most likely to cooperate when the loan is not yet in arrears. More than one monitoring visit will also enable loan officers to appreciate capital requirements of SMEs and be able to approve adequate funding for them.
5. Commercial banks implementing SME facilities in Zimbabwe should adopt simplified business appraisal methodologies used by MFIs which eliminates the need for the preparation of business proposals and financial statements.

AgriTrade Fund level

1. There is need to increase the number of field staff on the ground to identify and assess more women-owned SMEs. This will result in more women-owned SMEs that are reached and recommended to banks for accessing the Fund.

2. Remuneration for field staff is important in avoiding bribes, corruption and a high staff turn-over. If borrowers realize that the program staffs are not well paid, there are high chances of bribery and misuse of the funds. High staff turnover disturbs project flow or continuity, which may end up jeopardizing the program.
3. Donor programs should provide funding for start-up projects that targets women businesses. The Funds can start by targeting women-owned SMEs operating in groups and establish them as stand-alone sole proprietors. New entrepreneurs will access the Funds at a later stage.
4. Donor programs should introduce funding for women-owned SMEs only, as a way of encouraging women to access formal credit through banks. This will help in changing the perceptions of bankers towards lending to women. This will in turn help them to understand women businesses better and be able to assist them.

Government

5. The government of Zimbabwe should conclude the initiative to establish the women only bank which was put forth in 2010 through the Ministry of Women Affairs, Gender and Development. Women-only banks have been successfully established and run in countries such as Kenya, India, Bangladesh and other countries, which are resulting in more women accessing formal credit.
 - a. The women bank is not only important to women borrowers but it can also provide employment opportunities for women both at managerial and workers levels. This will help in the rebalancing of employment opportunities by gender. The Zimbabwean banking sector has very few women top executives, one of the few examples being AfrAsia Bank's Chief Executive Officer (CEO), Mrs Lynn Mukonoweshuro and Virl Microfinance's CEO, Mrs Virginia Sibanda.
6. Suppliers of agricultural equipment that includes irrigation equipment, processing equipment and machinery, should establish rent-to buy programs for equipment and machinery to smallholder farmers, especially to women-

owned SMEs as a way of encouraging start-up projects. A Zimbabwean example is the initiation by IRD, in Buhera district in Manicaland province in Zimbabwe, where groundnuts farmers received groundnuts shellers on a rent to buy basis (IRD report, 2011). The groundnuts shellers remained the property of the supplier until the farmers had fully repaid the loans.

7. The RBZ instruction in 2012, to all banks in Zimbabwe to comply by setting aside funds of up to 30 per cent towards lending to SMEs will significantly result in SMEs having access to credit while women-owned SMEs can also benefit from the funds. However, the RBZ need to follow up and assess if banks are actually meeting this requirement.
8. The government of Zimbabwe through local authorities should allocate operating space for SMEs so that banks are able to assess their businesses, undertake post-disbursement monitoring as well as being able to provide repeat loans at increased levels. The operating space can be rented areas where monthly fees are paid to local authorities. Such operating space will depend on the type of SMEs.

5.3 Areas for further studies

This study focused on the first 27 months of the AgriTrade Fund which limited lending to agro-dealers and processors while very little was done with regards to women-owned SMEs involved in farm production. There is need to assess the project by focusing more on lending to farmers for farm production where more women operate. The study only focused on the case study of the AgriTrade Fund. There is need for research to be done on other related case studies and assess if the limiting factors identified under the AgriTrade Fund are the same.

5.4 REFERENCES

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6.0 APPENDICES

6.1 APPENDIX 1: LETTER OF APPROVAL

01 August 2013

Attention: Dr Mano
Country Director
International Relief and Development
No 70 The Chase
Mt Pleasant
HARARE

Dear Sir

RE: MBA DISSERTATION PROJECT

I am a final year student studying towards a Masters in Business Administration (MBA) degree programme with the Graduate School of Management (GSM) at the University of Zimbabwe. As part of the requirements of the programme, MBA students are required to undertake a dissertation project on real life management problems in organization(s) of their choice. I am proposing to undertake my study on a case study of the AgriTrade Fund with the following title:

An examination of the limitations faced by women-owned SMEs in the agricultural sector in accessing the Zim-AIED revolving credit facility (AgriTrade) for the period 01 June 2011 to 30 September 2013.

As an employee of the International Relief and Development, as well as being the AgriTrade Program Manager, I am seeking your authorization for me to undertake this research. All responses from the respondents under this study, will be confidentially treated and will only be disclosed to third parties with your permission. This is purely an academic research and all information gathered will be used strictly for that purpose.

Thanking you in advance

Yours Sincerely

Fidelis Tamangani
MBA Student
05 August, 2013

Att: Mr Fidelis Tamangani

MBA Student, UZ
No 70 The Chase
My Pleasant
HARARE

Dear Sir,

RE: MBA DISSERTATION PROJECT

I write to advise you that International Relief and Development (IRD) authorizes you to undertake the study with paper title:

An examination of the limitations faced by women-owned SMEs in the agricultural sector in accessing the Zim-AIED revolving credit facility (AgriTrade) for the period 01 June 2011 to 30 September 2013.

We hope this study will not only help to develop you but also IRD, the AgriTrade Fund and the women-owned Small to Medium Enterprises in the agricultural sector in Zimbabwe.

Please feel free to undertake your research and should you require any further assistance, I will be available.

Best regards

Dr R Mano
Country Director

6.2. APPENDIX 2: LETTER OF INTRODUCTION TO WOMEN RESPONDENTS

I am a student at the University of Zimbabwe undertaking a Masters in Business Administration (MBA) degree programme. My dissertation is focusing on the AgriTrade Fund as a case study. As part of the requirements of the programme, MBA students are required to undertake a dissertation project on real life management problems in organization(s) of their choice. My research project is a case study of the AgriTrade Fund with the following title:

An examination of the limitations faced by women-owned SMEs in the agricultural sector in accessing the Zim-AIED revolving credit facility (AgriTrade) for the period 01 June 2011 to 30 September 2013.

The objectives of the study are as follows:

Overall objective:

The study aims at examining the main limitations faced by women-owned SMEs in the agricultural sector in accessing credit from the AgriTrade Fund.

Specific objectives

- ✓ Examine the challenges that women-owned SMEs are facing in accessing the AgriTrade Fund,
- ✓ Examine existing financing models that can be implemented to increase the number of women-owned SMEs accessing agricultural credit,
- ✓ Recommend policy measures for increasing the number of women-owned SMEs accessing agricultural credit in Zimbabwe.

As a woman-owned SMEs that accessed loans under the AgriTrade Fund, you have been selected together with others to participate in this research. I am therefore requesting for your assistance in completing this questionnaire within the next 30 days.

Please be advised that the data and information collected and findings thereof will be confidential treated and used for academic purposes only. Please answer the questions fully by circling the appropriate responses.

Yours faithfully

Fidelis Tamangani

MBA Student, University of Zimbabwe

Item	Family house rent	Business premise rent	Family food and basic needs	Entertainment	Health care	Transport	Others
Amount \$							

31. On average, how much do you spent on education yearly: \$.....

Business Challenges

32. Are there any challenges that this business currently faces: a)yes b)no

33. If yes to **32 above**, which ones: a) inadequate capital b)lack of accounting skills c) inaccessibility to credit other than AgriTrade d)High taxation e) difficulty in repaying the loan f) increased competition g) debt collection h)employee management i) Other specify.....

34. Have you received any assistance to help you address these challenges: a)yes b)no

35. If yes to **34 above** , what help did you receive: a) training services b)access to credit c) rescheduling of the loan (loan rollover) d) provision of market information e) Other specify.....

36. What was the source of the assistance: a)AgriTrade b)Microking c) Fellow business person d)An NGOs e) Other specify

Growth indicators

37. How much was your monthly turnover when you received your first AgriTrade Loan: \$.....

38. What was your turnover by the end of last month: \$.....

39. What was your gross profit at the time of applying for your first AgriTrade loan: \$.....

40. What was your gross profit by the end of last month: \$.....

41. How many employees did you employ before receiving your first AgriTrade loan:

42. How many employees do you have now:.....

Access to the AgriTrade Fund

43. How did you get to know about the AgriTrade Fund: a)Friend b) Bank/loan provider c)Local community group d) Adverts in Mass media e)family member f) other specify.....
44. Were you required to give some collateral for the AgriTrade loan: a)yes b)no
45. If yes to **44 above**, what security did you give: a)Household goods b)title deeds c)vehicle log book d) Salary e)guarantor f)Other specify.....
46. How much did you apply for your first loan under AgriTrade: \$.....
47. Did you receive the same amount you applied for: a)yes b)no
48. If **NO** to **47 above**, how much did you receive: \$.....
49. If No to **47 above**, did the bank give a reason why they reduced the amount you applied for:
a)yes b)no
50. If yes to **49 above**, what was the reason for reducing the amount you applied for: a)inadequate collateral b) low business net worth c)unavailability of funds within the financier d) other specify.....

6.3. APPENDIX 3: LETTER OF INTRODUCTION TO LOAN MANAGERS

I am a student at the University of Zimbabwe undertaking a Masters in Business Administration (MBA) degree programme. As part of the requirements of the programme, MBA students are required to undertake a dissertation project on real life management problems in organization(s) of their choice. My research project is a case study of the AgriTrade Fund with the following title:

An examination of the limitations faced by women-owned SMEs in the agricultural sector in accessing the Zim-AIED revolving credit facility (AgriTrade) for the period 01 June 2011 to 30 September 2013.

The objectives of the study are as follows:

Overall objective:

The study aims at examining the main limitations faced by women-owned SMEs in the agricultural sector in accessing credit from the AgriTrade Fund.

Specific objectives

- ✓ Examine the challenges that women-owned SMEs are facing in accessing the AgriTrade Fund,
- ✓ Examine existing financing models that can be implemented to increase the number of women-owned SMEs accessing agricultural credit,
- ✓ Recommend policy measures for increasing the number of women-owned SMEs accessing agricultural credit in Zimbabwe.

As a Loans Manager under one of the three AgriTrade partner banks, you have been selected together with others to participate in this research. I am therefore requesting for your assistance in completing this questionnaire within the next 14 days.

Please be advised that the data and information collected and findings thereof will be confidential treated and used for academic purposes only. Please answer the questions fully by filling in the gaps provided.

Yours faithfully

Fidelis Tamangani

MBA Student, University of Zimbabwe

6.3.1 Questionnaire: Loan Managers

Name of FI.....Area of Operation.....

1. Portfolio of activities (provide brochures, if available)
2. How much of the AgriTrade Fund has your branch/department administered since inception

No of loans.....Total loans amount \$.....

Growth and Challenges Faced by SMEs

3. Overall, how have your SME clients grown since they received the loans? (level of profit, employment, investments, business expansion (internal and/or external) e.t.c

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.....
.....
.....

4. For SMEs that failed to grow, in your view, what have been the key impediments to growth?

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.....
.....

5. To what extent has the Fund supported innovation among your SME clientele? (new product line, new service provision, new markets, new sources of raw material e.t.c

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.....
.....

6. What challenges do your SME clients in your area face?

.....
.....
.....
.....

7. Does your institution address these challenges? (If yes, how?)

.....
.....
.....
.....

8. In your view, which are some of the reasons why women in this area fail to access the Fund?

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.....
.....

Administration of the Fund and Complementary Services

9. How do you administer the Fund?

.....
.....
.....

10. How do you disseminate information on the Fund to prospective borrowers?

.....
.....
.....

11. What complementary services do you offer to the women borrowers of the Fund? (monitoring of business progress, business training, provision of market information, education and awareness, exposure to role models/organized visits to other enterprises e.t.c)

.....
.....
.....

12. What challenges have you faced in administering the Fund?

.....
.....
.....

13. Are there any strategic approaches used by your institution to address the above challenges? (If yes, how?)

.....
.....
.....

14. What are some of the additional interests of your institution beyond the Fund? (Client retention, deposit growth, selling other bank products)

.....
.....
.....

Policy and Institutional Framework

15. What is the policy and institutional framework under which you operate as an intermediary? (Kinds of enterprises of focus, method of disbursement, beneficiary identification/selection, who qualifies, application requirements, interest rates, grace period, recovery, default e.t.c)

.....
.....

Please provide documentation

16. What appropriate measures can be put in place by your institution and other stakeholders to improve the quality, service delivery and sustainability of the Fund?

.....
.....