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Village banks and rural livelihoods the south west region of Cameroon: The case of south west association of village barns (SWAVIB)

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Abstract

This paper aimed at assessing the impact of microfinance institutions on the livelihood of the rural population in the South West Region of Cameroon taking the South West Association of Village Barns (SWAVIB) as a case study. Using a cross-sectional survey of 260 respondents and the application of the survey linear regression, the study reveals that main activities of SWAVIB that have an influence on livelihood of the communities in the region are the loans, savings and ancillary advisory services of the institutions. Also, the study finds that whereas loans obtained influence both the productivity levels and consumption (livelihood) of the beneficiaries positively and significantly, savings influence productivity positively but consumption negatively though both effects appear insignificant. Furthermore, the empirical estimates of the study show that whereas loans obtained from SWAVIB influence livelihood positively and significantly, savings made with SWAVIB have a negative but insignificant effect on livelihood. In addition the findings have shown that individuals who belong to the village barns are betteroff in terms of both productivity and livelihood (consumption levels) than non-members and also that those who diversify their production activities are better-off in terms of livelihood than those relying on a single activity with the most prominent strategies adopted are to combine crop farming with animal husbandry and to sell many different products. On the basis of these, the study recommends amongst others the promotion of village bans (village MFI) in all rural areas in the country.

Keywords: village banks, rural livelihoods, southwest, cameroon

1. Introduction

The number of people living in extreme poverty and hunger surpasses 1 billion and the inequalities between and within countries remain a significant challenge (World Bank, 2010) [29]. The World Bank (1992 and 2010) [15] also notes that nearly a half of the poor live in south Asia and another 25% in sub-Saharan Africa. It is also seen that poverty is closely related to malnutrition, lack of education, low life expectancy, high mortality rate and substandard housing. At the same time, analysis shows that in almost all the countries, the poor are mostly concentrated in poorer localities and regions. It is also seen that in these places where poverty is concentrated, standards of physical and social services provided are low, resulting in low productivity of both capital (including land) and labour. Furthermore, the incentives structure and institutions are not congenial to improve the income earning capacity of the poor thereby impeding survival strategies to improve on rural livelihood. With this different countries adopt different survival strategies to alleviate poverty and improve on community livelihoods.

In some countries (Taiwan, South Korea, Indonesia, Malaysia, and China), rural livelihoods transformation was achieved by improving the quality of physical and social infrastructure, improving agricultural productivity and expanding rural non-farm activities (Ranis, 1995). Yet in other areas across the world especially in Africa, a means of alleviating poverty and improving rural livelihoods has been by filling the financial gap in such areas through the use of financial houses, especially microfinance institutions. For instance, in order to improve the socio-economic conditions of rural communities in Ghana, the Rural and Community banks were established in 1976 specifically to advance loans to small enterprises, farmers, individuals and others within their catchment areas and also provide opportunities for people to save their excess monies (Ferka, 2011). In fact and as held by Schafer (2001), such financial institutions that provide commercial microfinance help poor people manage enterprise growth and diversification and raise their household incomes. Many development experts now agree that microfinance can economically empower individuals and microenterprises and enable them to contribute to and benefit from economic development in a variety of ways.

Indeed, rural finance services also constitute aspects of the World Bank's rural development strategy. In the 1960s and 1970s, multilateral and bilateral donor projects in the rural sector commonly supported credit projects that were directed mostly to promote agricultural development. Although these interventions often helped improve agricultural yields in the short term, they overwhelmingly entailed high costs that were unsustainable over the long term and they failed to reach the majority of farmers (World Bank, 2003) [29]. Recently, international development organizations have focused increasingly on the policy environment, improving the legal and regulatory framework, building the institutional capacity of a wide range of rural finance providers, and introducing innovative products especially in rural areas so as to expand outreach in a sustainable manner commensurate with demand (Empel and Sluijs 2001, World Bank, 2003) [29] and as such promote rural livelihood strategies.

The World Bank's strategy aims at improving on the demand

and supply conditions for expanding access of the rural poor to a suitable "diversity of products and institutions that fill the financial needs of low-income rural clients in income generation and reduction of vulnerability" (World Bank 2002a) [30]. Today, within the ambits of such a development and poverty reduction strategy, the scope of microfinance institution activities especially in rural areas has changed. From the tradition provision of financial services in the form of microcredit (loans) and savings mobilization to other facets of human development activities like vocational training, transfer of methodologies, building value chains in agribusiness, micro insurance and other forms of entrepreneurial activities like petit trading. All these moves in rural finance are aimed at ensuring a sustainable livelihood and reducing poverty in especially rural areas in which both financial and human development services are quite rare.

The rationale behind promoting livelihoods is the belief in the essential right of all human beings to equal opportunity (World Bank, 2003) [29]. In fact, poor rural people do not have life choices nor do they have opportunities. Ensuring that a poor household has a stable livelihood will substantially increase its income, and over a period of time, asset ownership, self-esteem and social participation. Moreover, livelihood promotion is yet another strategy to promote economic growth. There are nearly 4 billion out of the 6 billion people in the world, who do not have the purchasing power to buy even the bare necessities of life – food, clothing and shelter (IMF, 2012) [20]. But as they get steadier incomes through livelihood promotion, they become customers of many goods and services, which then promote growth. Furthermore, another necessity for promoting livelihoods is to ensure social and political stability because when people are hungry, they tend to take to violence, crime. This helps to generate and some cases propagate sociopolitical tension as is the case with many Third World Countries especially in Africa.

In Africa, the last twenty years have seen significant advances in understanding and providing financial services to better advance development and eradicate poverty in the continent. This includes providing the financial means to save, access credit, and start small businesses, with the potential to enhance community development, as well as local and national policy making (UNO, 2013). This effectively propagated the role of microfinance in the continent. The growth of microfinance in Africa has spread over time especially as accessibility to credit facilities is also very difficult for women and men, farmers and people who are poor due to inability of the formal financial institutions to make funds available to reach the poor segment of the population, due to the strident conditions attached to loan (Olalekan, 2010). In fact, although the recent financial and economic crises adversely affected many African economies, microfinance grew on the continent at a remarkable pace even at the height of the crisis in 2008 and at the end of 2008, Microfinance Institutions (MFIs) in SSA reported reaching 16.5 million depositors and 6.5 million borrowers (UNO, 2013).

At the micro level, there are many stakeholders and growing interest from banks and private investors. Microfinance institutions (MFIs) are having a predominant role, with a strong credit unions membership, although the bulk of savings is still mobilized through the banks. However, however, microfinance, especially rural financing in Africa still faces challenges, which conceal the strengths and opportunities at the various levels; from governance, portfolio management, internal control, human resources, and financial sustainability. These challenges have inhibited its capacity to unleash its potential to better contribute to the fight against poverty in the continent (UNO, 2013).

At the same time, African microfinance and rural financing is as diverse as the continent itself. An array of approaches have been used, ranging from traditional kinship networks and Revolving Savings and Credit Associations (ROSCAs) to NGOs and development projects, and funded by both the informal and formal financial sectors, as well as domestic and international and donors (UNO, 2013 and Eshetu, 2014). These different approaches are taken by different countries and regions of the continent to account for the diversities that exist in the continent itself.

Irrespective of the proliferation of these microfinance institutions and the microcredit they provide, over three billion people in developing countries are still without effective access to loan and deposit services. The problem is particularly acute in Sub-Saharan Africa, where only between five and 25% of households have a formal relationship with a financial institution. The region is also home to just 2% of the world's microfinance institutions. Also, the incidence of poverty remains a critical issue in most African countries, and many have failed to meet the Millennium Development Goals (MDGs) towards reducing the incidence of poverty and addressing its consequences by the target 2015. This indicates that microfinance is not a panacea for poverty and related development challenges, but rather an important tool in the mission of poverty eradication.

At the same time, a recent study looking at the rural poor in Africa highlights the heterogeneity of situations facing rural households (World Bank, 2010) with food insecurity persisting for the poorest households and household investment capacities are extremely limited. The study finds that adaptation strategies must include diversification of activities and incomes. Although the study identifies important roles for non-farm activities (wage labor and self-employment), on-farm activities continue to provide the main share of household incomes.

In Cameroon, the operations of most of these financial institutions including rural financial institution are more profit-oriented than community welfare-oriented. This is demonstrated in the scope of the activities of most which tend to linger just around savings mobilization and the granting of loans. The resultant effect of this is that the highly acclaimed poverty reduction objective of their existence seems to be relegated to the background as the level of rural poverty in most parts of Cameroon remains quite high (ECAM III, 2007). According to the World Bank (2013) [29], overall income poverty has remained virtually unchanged in Cameroon (40.2% in 2001 and 39.9%in 2007), although its composition has changed—decreased by 5.7% in urban areas, but increased by 2.9% in rural areas. The key factors identified by ECAM III (2007) as the causes of poverty are household size, education level, socio-economic grouping and access to productive assets. Poor rural people believe that better living conditions would come from job creation, better communications and transportation, improved access to education and information, stable prices for staple foods and better healthcare, water and credit.

At the same time, many institutions put in place by the Cameroon government to provide credit to the rural poor failed due to distribution of loans based on political rather than technical criteria; lack of professionalism on the part of the officials; heavy and less adapted procedures; exaggerated costs of structures (Moulende, 2002). With this, Sinha (2003) has it that in the face of the glaring inability of the formal financial sources to meet the needs of rural farmers, the rural populace has resorted to informal financial sources thereby prompting also, the participation of Non-Governmental Organizations (NGOs) especially in the agricultural credit market. However, to counter such problems with rural financing some measures have been taken by the state such as the Solidarity Funds for Development (SOFDEV)-Cameroon was designed as an exemplary model of innovations in the microfinance domain with the overall goal of providing financial services to the rural communities who usually lack an efficient means of mobilizing their financial resources. These solidarity funds increase access to financial services, and also promote the movement of the rural communities from informal levels of formal world of finance (Bim, Manu and Kafain, 2014)..

In the South West Region (SWR) of Cameroon, the existence of microfinance institutions and NGOs and government affiliated institutions oriented towards poverty alleviation is quite significant. Amongst these institutions are several cooperative credit unions, the HEIFER International, SOWEDA, the RUMPI projects etc., all of whose activities are quite widespread in the region as a means of alleviating poverty and promoting sustainable livelihood strategies. For instance, through the RUMPI Project, rural communities are empowered to form competent and effective organizations to sustainably manage community based projects; agricultural production and productivity of smallholders in the project area is improved and access to markets for the project area smallholders is improved in the SWR (Ogork, 2009). Indeed, the intervention of these organisations has helped to transform some communities by reducing their levels of poverty. Most of these institutions work in line with the Commodity Value Chain Support Project (PADFA) which has been developed within the framework of the Government's emergency plan to fight rising food prices and reducing poverty.

Although the exists many microfinance institutions and NGOs engaged in poverty reduction in the region, the prevalence of poverty and other constraints to livelihood is indication that increasing incomes is not enough to alleviate poverty. In fact, Wright (1999) [31] highlights the shortcomings of focusing solely on increased income as a measure of the impact of microfinance on poverty. He states that there is significant difference between increasing income and reducing poverty and thus argues that by increasing the income of the poor, MFIs are not necessarily reducing poverty. It depends on what the poor do with this money, oftentimes it is gambled away or spent on alcohol. It is against the backdrop of these issues that the South West Association of Village Barns (SWAVB) outcrops to savage the poverty situation and transform the livelihoods of indigenes of the in all six divisions of the region (Fako, Lebialem, Kupe Muanenguba, Manyu, Meme and Ndian) by providing financial services in the form of credits and savings mobilization, creating value chain activities especially in the agricultural sector, transferring methodologies, training and education to inhabitants of the region in the agricultural as well as commercial sectors. Such value chain activities and financial services offer a set of mutually supporting measures that, if combined, are able to substantially mitigate financial and other forms of risk that defile the livelihood strategies put in place by inhabitants. It is on the basis of this that this study seeks to investigate the contributions of the South West Association of Village Barns (SWAVIB) as a rural finance institution in alleviating the livelihood of the people of the South West Region by assessing the extent does the financial services provided by the SWAVIB influence the productivity of indigenes of the region, livelihoods/consumption levels of indigenes of the region, the common livelihoods strategies adopted by indigenes, the challenges faced by the population in their use of SWAVIB services and thus factors inhibiting membership in the barn.

2. Literature Review

a) Overview of the South West Association of Village Barns (SWAVIB)

The South West Association of Village Barns (SWAVIB) is a Network of category one Microfinance institution with Head office in Buea and administrative head quarter in Kumba. It is an institution specialised in rural micro financing and is the sole promoter of the Caisses Villageoised' Epaigneet de Crédit Autogérées (CVECA) methodology in the South West Region. SWAVIB was created in 2012 by Rumpi as a sustainability mechanism for the village barns which were established in 2009 and 2010. It has as its mission to consolidate the village barns, to ensure their technical and financial autonomy, to improve the quality of its current products and services while introducing new ones and to work with development actors to better the social conditions of the rural populations. SWAVIB has ten members of the Board of Directors, three members of the supervisory council, a General Manager and deputy and a technical team of 09 Finance Advisers.

Following the Village Banking Model, each village barn has five members of Management committee who animates the Barn, a technical team of three cashiers who keep records of transactions, an Internal Controller who carry out independent controls and a manager for overall coordination of activities. All of the village barns officials are members of their respective communities and have a mastery of the financial, cultural and social environment of the village barns and animates the village barn with support from the technical team of SWAVIB. Some of the functions of the organisation include;

Support to Village Barns

SWAVIB provides support through it Technical Team, continuous technical, institutional and financial support to the Village Barns to enable them become autonomous. This support is geared towards making the Village Barns to be adapted and accepted as a credible institution in its locality and to better represent community interest. With this grip of the community as a development tool, it reposition itself as a major actor in fighting rural poverty and contributing towards enhancing livelihood by ensuring the circulation of money in their localities through the savings and credit services they offer to the rural population. The savings mobilized by these village barns is usually not sufficient to satisfy the loan demand during the planting season.

Putting in Place Refinancing

It increases the lending capacity of the village barns to be able to increase outreach in their respective poor rural localities has been a primary concern to SWAVIB and other promoters of livelihoods in the Region.

Training

To reinforce the capacity of the network actors to be enable to function efficiently, SWAVIB carry out regular training on identified needs with technical advice from MIFED(promoter of the ‘’CVECA’’ methodology in Cameroon).

Monitoring and Control

The technical team of SWAVIB carried out regular monitoring of the activities of the village barns to ensure they work within the context of the methodology and the governing regulations. They carry out control of account with the objective of transferring methodology to the internal controller and assist the village barns to produce their trial balance each month and financial statement at the end of each year.

Representation

Being the Umbrella Organ of the village barns in the South West Region, SWAVIB represent the interest of the village barns to the supervisory authorities as well as to development partners. This role enables her to negotiate and coordinate activities/interventions of other partners which can reinforce the network of village barns and ameliorate the living conditions of villagers.

b) Theoretical and Empirical Issues

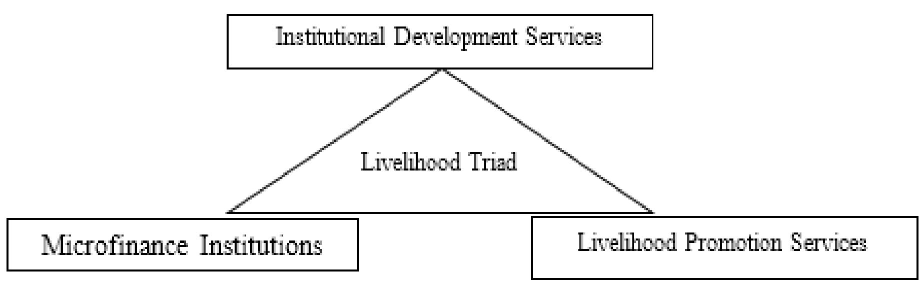
For a better understanding and appreciation of the role of rural finance in livelihood promotion within the context of SWAVIB activities, two theoretical perspectives are elucidated in paper namely the contingency approach to livelihood promotion and the Livelihood Triad.

Contingency Approach to Livelihood Promotion

The Contingency approach to livelihood promotion is the brain child of an empirical paper by Mahajan and Dichter (1989) [26], titled ‘A Contingency Approach to Enterprise Promotion’. In their empirical analysis, Mahajan and Dichter (1989) [26] argued that promoting enterprises was complex and a better approach was to identify the bottleneck and work on that. In many cases, credit could be the only constraint and in such cases, minimalist credit was right and does work well. In other cases, credit is needed but is not the main constraint; what may be needed could be skills, inputs or markets. Based on this, the authors argued that, though a large variety of services are required, all of them are not required at the same time and in every case. As such, the offering should be contingent upon what is needed in the situation and only a specialised type of organisation could do it. This means that any livelihood intervention agency needs to identify the bottleneck and provide services to overcome them.

The Livelihood Triad

This is a simple illustration of the nexus that exist amongst certain facets of the economy or locality that influences the livelihood of people in that locality or community. The major actors within this framework are Rural Microfinance Institutions, Livelihood Promotion Services and Institutional Development Services. The idea behind this livelihood triad is that Micro-credit in particular and micro-finance (including savings and insurance) in general, is helpful for the more enterprising poor people in economically dynamic areas. However, for poorer people in backward regions, a whole range of other livelihood promotion services (input supply, training, technical assistance, market linkages) needs to be provided. At the same time, it is impossible to work with poor households individually as they need to be organized into groups, informal associations and sometimes cooperatives or producer companies, all of which requires institutional development services. The interrelation existing amongst these agents is depicted below;



Source: Adapted from BASIX (2002)

Fig 1: The Livelihood Triad

From figure 1, there exists a triangular livelihood triad that encompasses the role of three agents charged with some specific but interrelated responsibilities. While the Microfinance institutions carry on Savings mobilisation, credit for consumption as well productive needs, live insurance, commodity futures, to reduce price risk and financial orchestration (arranging funding from multiple sources for the same sub-sector); Livelihood Promotion Services identify of livelihood opportunities, enhance productivity, offer market linkages, local value addition and carry on risk mitigation (non-insurance). On their part, Institutional Development Services coordinate formation of groups, federations, cooperatives, mutual benefits, etc. of producers, Capacity building, accounting and management information systems and performance analysis.

Based on these and other theoretical underpinnings of rural microfinance, many empirical studies have been carried out across the world on the role of financial institutions on poverty alleviation and livelihood improvement as well as the identification of livelihood diversification strategies, using

different methodologies and obtaining different results.
For instance, from his analysis of data collected in rural Tanzania, Seppala (1996) [19] argues that success or failure in undertaking diversification strategies is dependent upon households' different management approaches - differences in timing of activities, location of activities, or a capacity to estimate risks. The author adds that the differences in resource management can be marginal differences, and difficult to observe, but are crucial in the competitive environment.
Valdivia and Quiroz (2001) investigated on rural livelihood strategies, assets, and economic portfolios in coping with climatic perturbations in the Bolivian Andes through a framework that combines household economics, political economy, and sociology, to identify changes in land use patterns and crop livestock activities resulting from several "exogenous" conditions that include climate perturbations such as drought and El Niño events; market incentives for dairy peri urban markets; and increased commercialization of potato production. They found that both the ability and type of shift are conditioned by access to resources, social capital, life cycle, and networks off the farm in Bolivia.
Trabelsi (2002) conducted a study on the nexus between financial institutions and poverty alleviation using 69 developing countries over the period 1960-1990. Using both cross-sectional and pooled cross-section time-series regressions, the author found that the development of the financial sector only seems to affect growth with cross-sectional regression, while regressions carried out with panel data do not provide any empirical support for the relationship between finance and growth. Also, Claessens and Feijen (2006) found that financial development and household expenditure are highly correlated. To the authors, although causality between financial development and household consumption is less clear than in the case of income, there is evidence that financial development is a leading indicator for increases in household consumption.
Aron and Mueller (2006) used data from United Kingdom and South Africa to assess the effects of household wealth and credit conditions on consumption. The results of their study showed that credit market liberalization increases the average propensity to consume out of income in both countries. Similarly, Bayem *et al* (2008) looked at the impact of household external finance (that is credit availability) on consumption. The study uses a United Kingdom surveyed data of selected borrowers over the period 1975-2005 and finds a strong empirical link between household's external financing and consumption growth. The results show that an increase in household's cost in external financing due to a larger wedge between borrowing and lending rates will tend to depress current consumption.
Meanwhile, Shil (2009) makes a commercialized view of microfinance for poverty alleviation, applying the Grameen Model with some replicated ideas so that it can be used in a more sophisticated and commercial way. The author found that MFIs accelerate economic growth and alleviate poverty. Meanwhile, Olalekan (2010) attempts to explore the mode of operation and reasons why informal financial institution and poverty reduction in the informal sector is prevalent in Nigeria through the help of Rotating Savings and Credit Association (ROSCA) using a sample of 40 respondents selected from the six identified ROSCA groups. Findings of the study revealed that the existence of ROSCA in is a way out for people to improve on their welfare because of its easy access to funds and conveniences.
Thilepan and Thiruchelvam (2011) [25] investigated the effectiveness of microfinance support for coastal communities' livelihood development in Trincomalee Sri Lanka. Through a survey of 99 microfinance beneficiary households in three identified coastal villages were selected and the use of multiple regression, the study found an average of 39.5% and 14.2% increase in income and private savings, respectively in agriculture sectors. Also, about 90% of the young people reported lack of opportunities for modern livelihood supports.
In a survey of 106 households in northern Ethiopia, Siyoum *et al*. (2012) [20] examined the differential impact of credit on rural Ethiopian households. Results show that credit failed to enable poor households to move out of poverty and food insecurity, whereas better-off and labour-rich households used credit to improve their livelihoods. For poor households, rather than achieving long-term livelihood improvements, access to credit only means short-term consumption smoothing with a risk of being trapped into a cycle of indebtedness.
Eshetu (2014) examined the role of access to microfinance as a pathway out of poverty and livelihood diversification in Ethiopia. The author uses secondary data and finds amongst others that microfinance intervention brings livelihood diversification in urban than rural one. In the rural areas, even though there are some promising contributions like asset building, women empowerment and an increase in income, most of the loan is used for consumption smoothening. In the same year, Diro and Regasa (2014) [9] aimed at assessing the impact of Dedebit Credit and Saving Institution's (DECSI) micro credit service on the livelihood of household borrowers residing in Mekelle city of Ethiopia using a sample of 287 clients and eligible non clients. The results of the study show that microcredit participation has a positive significant average effect on households' average monthly income, consumption expenditure, savings and housing improvements.

3. Methodological Issues

Data Collection

Given the survey or case study nature of the study, primary data is used. The data is collected with the use of both open and closed ended questionnaire that will enable an appropriate grasp of the opinions of beneficiaries of the services of SWAVIB as far as livelihood promotion is concern. Through a multistage process, a sample of 260 effective respondents were retained relative to proportion of each community in each division and the region as a whole and was made up of an almost equal proportion of both members and non-members of the SWAVIB.
The variables on which data is collected include savings mobilization, loans, number of dependents in household, employment status, membership in village barns well as productivity of recipients, etc. These were then formulated into models to achieve the stated objectives of the paper as follows:

Productivity Equation

In the productivity equation, the productivity of respondents (P) is made a function of the savings made with the village barn (S), amount of loans obtained from the village barn (L), membership with the village barn (MEM), age (AGE) and educational level of the respondent (EDU). This functional relationship is justified in the sense that the more savings one has, more he can supplement his or her incomes during a given activity. Moreover, access to and quantity of loans obtained help to add to the individual's capital base, thereby increase his or her productivity. Moreover, members of the village barn have access to loan, savings and other ancillary services provided by the organisation that may tend to improve on their productivity more than those who are non-members of the village barn. In fact, rural entrepreneurs therefore find it difficult to access funds and have to rely largely on self-financing when they want to invest. Thus, SWAVIB provides them this opportunity. Furthermore, an individual's output produced or productivity in general depends on the individual's age and educational attainment. Whereas productivity will fall above a certain age threshold, everything being equal, productivity rises with increase educational attainment. The functional equation is thus stated as follows;

$$LogProd = \alpha_0+\alpha_1 LogSav+\alpha_2 Logloan+\alpha_3 MEM+\alpha_4 AGE+\alpha_5 EDU+\mu \ldots\ldots \quad [1]$$

Where:
P= productivity of the individual measured in terms of monthly income generated from given activity; S is amount of savings in the individual's account with the village barn, L is the amount of loan obtained from the village barn; MEM stands for membership with the village barn captured in terms of a dummy with 1=member with barn and 0=non-member. AGE represented the age of the respondent, EDU represents the educational level of the respondent and μ is the associated error capturing other factors affecting recipients' productivity not captured in the equation. A priori, the coefficients were all expected to be positive.

Livelihood Equation
Individual and thus household's livelihood (Live) depends on the amount of savings made with the village barn (S), the loan acquired from the ban (L), Number of dependents in the household (ND), membership with the village barn (MEM), employment status of the respondent (EMPS) and gender of the household head (GHH).

$$LogLive = \beta_0+\beta_1 Logsav+\beta_2 Logloan+\beta_3 ND+\beta_4 MEM+_5 EMPS+\beta_6 GHH+ \beta_7 DIV+\varepsilon \ldots\ldots \quad [2]$$

Where: Live which represents livelihood is captured by monthly expenses on consumption, Sav is savings, L is Loans, ND captured number of dependents in household, MEM is membership captured by dummy such that 1=member and 0=nonmember, EMPS employment status with 1 the state of being employed and 0 represents the unemployed, GHH is gender of household head captured by dummy such that 1=Male and 0=Female, DIV=Livelihood diversification captured by dummy such that 1=if individual does more than a single activity to sustain life and 0 if individual does not diversify (does only a single activity) and μ is the associated error capturing other factors affecting recipients' livelihood not captured in the equation.

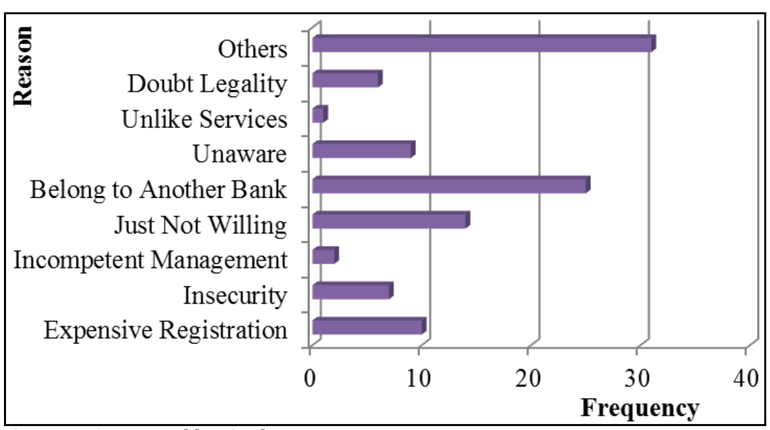
A priori it would be expected that β_0 be positive, β_1 be negative since consumption and savings are inversely related, β_2 is positive, β_3 be negative, β_4 be positive, β_5 will be positive while $\beta_6$is indeterminate a priori.

All statistical and econometric properties of variables and data collected such as skewness, kurtosis, goodness of fit, outliers, endogeneity, heteroskedaticity and multicollinearity were tested for using Kolmogorov-Smirnof test for goodness of fit and normality, Breusch-Pagan / Cook-Weisberg and the Variance Inflation Factor respectively, after which the Taylor Linearised Ordinary Least Squares technique was employed to estimate parameters of both models.

4. Results and Discussions

a) Reasons for Non-Membership with the Village Barn

Figure 2 illustrates the frequency distribution of reasons why some inhabitants of communities in the region do not belong to the Village Barn. The results on the frequency distribution show that most of those who are not members of the Village Barn either belong to other conventional banks/MFI or have their other personal reasons for not belonging.



Source: Computed by Authors

Fig 2: Reasons for Non-Membership

Based on Figure 2 also, the most serious reasons advanced by respondents for not belonging to the Village Barn is the fact that registration formalities are expensive, they doubt the legality of the institution, they have a feeling of insecurity with the institution, they think the management body put in place is incompetent and the services rendered by the Village Barn do not meet their taste.

b) The Role of Financial Services Provided by SWAVIB on the Productivity

The subsequent sections show the linear estimates of the parameters to show the effects of independent variables of each model on the dependent variable. The results are in two-fold. The first estimates presented on table 1 relate to the effects the existence of the Village Barns have with the productivity of members in the communities in which they exist and the second presented on table 2 is to illustrate the effects on the welfare or livelihood of communities.

Table 1: Linear Estimates of Productivity Model

Dependent variable: (Log) Productivity	Coefficient (Linearized Standard Error)
(Log) Loans	0.4758***(0.0614)
(Log) Savings	0.3324(0.4446)
Age	0.1141(0.0692)
Educational Attainment	0.1064**(0.0493)
Membership	0.3116***(0.0897)
_CONS	7.0713***(1.0721)
R-squared	0.2376
F(5, 260)	16.29
Prob> F	0.0000

***Source**:* Computed by Authors
N.B: ***=1%, **=5% and *=10% Level of Significance

Going by the estimates of the productivity model, loans have positive coefficient meaning that an increase in the amount of loans collected will cause an increase in the productivity of individuals in the region. Going by its magnitude, a 100% increase in the amount of loans collected will increase the productivity of beneficiaries by approximately 47.6% with such effects being as predicted a priori and significant at 1% level of significance. Similarly, the coefficient of savings is positive but insignificant. Meanwhile, it was also found that as an individual grows older by moving into a higher age bracket, his productivity increases though insignificantly by approximately 11.4%. Also, we found that educational level has a positive effect on the productivity of individuals in rural communities around the SWR. Specifically, as an individual's level of education increases, his productivity rises by about 10.6%. Furthermore, the results show that the coefficient of membership is positive and significant at 1%. As shown by the value of its coefficient, members of the Village Barns are 31.2% more productive than non-members. This is as expected.

The empirical findings based on the productivity perspective showed that productivity of inhabitants is highly influenced by the loans they collect from financial institutions especially the Village Barns. This is justified most especially because inadequate capital is advanced as one of the major problems advanced by rural populations across the world and Cameroon in particular. As such, such loans go a long way to supplement the meager capital owned by the inhabitants. The loans obtained are used in the expansion of their business and the purchase of inputs in the case of farmers. Meanwhile, savings have a positive but insignificant effect on respondents' productivity. The positive influence may be attributed to the fact that the money saved can be reinvested into their economic activity that could permit it expand. However, the savings level is quite insignificant to actually influence the productivity of their users. This makes the level of savings not to be a significant determinant of productivity.

The empirical findings have shown that inhabitants who are members of the Village Barns are more productive than non-members. This is a priori justified and can be attributed to the fact that members have the ability to obtain extra capital (finances), value chain activities, vocational training and other advisory services that help to increase the economic actors' production abilities.

Furthermore, the empirical findings are indicative of the fact that the productivity increases with level of education with a probable justification being that education is associated with capacity building which obviously imbibes them with the skills of doing business and/or operating their other economic activities such as farming and animal husbandry. This also permits them to adapt to new and modern methods of production which increase their output. Moreover, highly educated persons can adopt better marketing strategies which help to spread their markets and gives them greater bargaining strength to make more profits.

c) Linear Regression Results on the Role of SWAVIB Financial Services and Livelihood in the SWR

The empirical results for the livelihood model using household expenditure on consumption are presented on table 2. The same variables are logged to enable interpretation in terms of elasticity.

Table 2: Linear Estimates for Livelihood model

Dependent variable: **(Log) Livelihood (consumption expenditure)**	**Coefficient (Linearized Standard Error)**
Number of dependents	0.0182(0.0117)
Household Head	0.0193(0.0875)
Employment Status	0.0946(0.1101)
Diversification	0.0946***(0.0310)
(Log) Productivity	0.1271**(0.0495)
(Log) Loans	0.1015**(0.0465)
(Log) Savings	-0.0259(0.0283)
Membership	0.4713***(0.1489)
_CONS	7.1219(0.7860)
R-squared	0.2131
Prob> F	0.0000
F(5, 260)	15.49

Source: Computed by Authors
N.B: ***=1%, **=5% and *=10% Level of Significance

As shown by the linear estimates of the livelihood model (Table 2), the coefficient of dependent is positive but insignificant. In same way, male-headed households are found to be 1.9% better off than female-headed household but with the difference being insignificant. Also, we find that those employed are 9.5% better-off in terms of livelihood than those unemployed but with the difference being statistically insignificant.

Meanwhile, the coefficient of diversification is positive indicating that diversification of activities has a positive effect on the livelihood of individuals in the region. Indeed, the empirical results show that those who diversify their activities by not relying on a single activity are 9.5% better-off in terms of livelihood than those who rely on a single activity. Furthermore, the coefficient of productivity is positive and also significant at 1% meaning that an increase in the productivity of individuals will cause an improvement in their livelihood. Particularly, an increase in the productivity (measured in terms of annual revenue from their activities) by 100% will cause the livelihood of individuals to increase by about 12.71%. This effect is found to corroborate our a priori expectations.

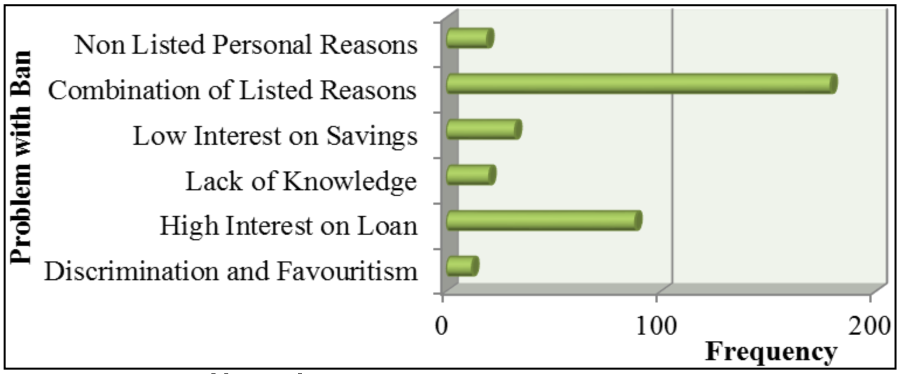
The empirical findings also show that loans from SWAVIB have positive effect on the livelihood of individuals of the SWR such that an increase in the amount of loans collected by 100% will cause the livelihood of individual in the region to increase significantly by about 10.1%. Meanwhile, the coefficient of savings is negative but insignificant though in line with economic theory in the short-run. Finally, the empirical results showed that the coefficient of membership was positive meaning that being a member of the village barn has a positive and significant effect on the individuals' livelihood. The results show that members of the Village barns are 47.1% better in terms of livelihood than non-members of the Village barns.

From a livelihood perspective, the results show that productivity, diversification and loans have positive and significant effects on the livelihood of individuals through their consumption levels. From a diversification perspective, those who adopt other survival strategies are bound to be better-off given that those alternative or combination of activities help to diversify their sources of income. This makes it such that when one activity fails to sustain the individual, other activities exists which can reduce the fluctuations in household welfare. In addition, increments in revenue generated from their main activities help to foster their wellbeing most especially as most incomes of rural populations are tilted towards consumption than to savings given their high marginal propensity to consume.

Moreover, the positive influence of loans can be seen from the direct effect on immediate consumption and indirect effect by influencing productivity of the recipient. For some individuals, loans obtained are used to finance their household consumption expenses so as to ensure temporal increase in living standards. This permits them to afford some basic commodities they couldn't afford initially. Others would invest the loaned funds and improve on their welfare by consuming the proceeds or profits made from the invested funds. In addition, members of the Village Barns are significantly better-off in terms of livelihood than non-members. This can also be explained by the fact that there are other livelihood enhancing facilities provided by the Village Barns which cannot be enjoyed by non-members. Such facilities include the loans, value chain activities, vocational training etc. These help beneficiaries to improve on their income generating abilities, consumption levels etc.

d) Challenges Faced with Village Barn

Figure 3 below shows the common problems faced by members of the Village Barn.



Source: Computed by Authors

Fig 3: Problems Faced with Village Barn

Based on the frequency histogram (figure 3), the most pressing problem individuals have with the activities of the village ban is that interest rates charged on loans are high whereas interest the ban pays on savings is low. However, a majority of respondents face a combination of problems with the village barn.

e) Diversification Strategies

Based on the empirical results, majority of the respondents do not depend on a single activity. They diversify by engaging in other activities. To cope with the problems faced in their communities, respondents adopt several strategies.

Table 3: Diversification Strategies Adopted by Inhabitants

Strategies Adopted	Frequency	Percent
Combine Crop and Livestock	153	60.7
Sell Many Products	65	25.8
Work for Others	13	5.2
Borrowing and Lending	11	4.4
Encourage Migration	7	2.8
Sell Assets	3	1.2
Total	252	100.0

Source: Computed by Authors

Based on the results on Table 3, amongst the most prominent of these coping strategies are that those in farming combine crop and livestock production, others sell many products and others work as labourers for others. Also, few persons engage in lending and borrowing activities, sell their assets while others encourage migration of their dependents or themselves.

5. Conclusion and Recommendations

The study has found that the Village Barns (SWAVIB) has a significant effect on the livelihood of inhabitants of the south West region especially through the loans, capacity and education programmes offered by the organisation. It is worth retaining that while promoting the activities of village banks like SWAVIB government intervention and that of other stakeholders is necessary to enhance the livelihood of rural communities in the South West Region and Cameroon as a whole.

From this research finding, the Village barns are unable to satisfy 40% of the loan demand from members which is viewed as the major contribution to livelihood. As such, SWAVIB should endeavor to source for additional funding to reinforce the lending capacities of the village barns so that their desire impact as one of the major actors in livelihood promotion will be felt. At the same time, the organisation should revise its interest rates so as to increase the amount loans obtained by its members.

To increase the impact caused by the services of the Village Barns, SWAVIB should consider putting in place an external technical assistance service that will concentrate on reinforcing the capacity of the beneficiaries of SWAVIB services and members of the community in carrying out their respective income generating activities. Specifically, SWAVIB should also concentrate to fuel the growth of small enterprises because the boom in this sector will have tremendous impact on the livelihood and productivity on the rural population.

It is also recommended that SWAVIB should carry out massive sensitization campaigns in the localities of all their branches to present their institutions, create awareness, and present the security measures they have put in place and the continuous capacity building of their management team to meet up with the field challenges. This will convince those who have not yet belong and guarantee security and legality for the Village Barns. Moreover, SWAVIB should work on the problems identified in this paper or carry out research to identify the combination of problems faced by the members of the Village Barns

Being the only Microfinance Institution in most of the localities, SWAVIB should capitalize on the advantage as first comer by identifying themselves with the villagers, ameliorating the quality of their existing products and services offered while introducing more attractive product like insurance, mobile banking, branchless banking and also involving in money transfer activities.

The strategy of diversification adopted by some members of the Village Barns gives them advantage in terms of livelihood over others. SWAVIB should capitalize on promoting the members who practice this strategy and encourage the other members to adopt it. This will not only improve their productivity and livelihood but will also guarantee the reimbursement of the loans granted by the village barns. In addition we recommend that SWAVIB should design appropriate products that are flexible enough to meet the different needs of the poor for both agricultural, Livestock purposes petty Trading, little transformation etc.

Finally, the government should assist rural MFIs like SWAVIB by providing them with substantial subsidy to reinforce their lending capacity and to fight unemployment amongst rural youth.

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