

Appendix A: The CYCI Model¹

Preconditions

Political Support

Full political support from the Governments of those countries wishing to participate in CYCI pilot is an absolute prerequisite for the success of this initiative. Similarly, the active support and approval of district authorities as well as local traditional authorities.

Prevailing Market Economic Conditions

Only within countries where an open economy exists can CYCI be expected to make any unique contribution to the development of viable enterprises established by young people.

No Competing Credit Programmes

CYCI is an initiative designed to bring specially targeted support to young people in areas where no such provisions exist. Accordingly, CYCI schemes should not be established in areas where any alternative programmes are in existence. However, CYCI may complement other schemes which provide only credit and not training or other support.

Target Group/Criteria

Age

The young women and men targeted by CYCI will be within CYP's own agreed age limits of 16² to 29; but special attention should be paid to national legislation and practice relating to the legal position of those under the age of majority.

Means Test

A suitable means test will be devised for each site to ensure that the project participants are drawn from the poor in both rural and urban areas.

Training

All participants will receive training in entrepreneurship development and enterprise skills, including marketing, as a prerequisite to receiving loans. CYP will offer support such as training materials and expertise.

Gender Balance and Equal Opportunities

Young men and women will have equal access to training and loans, regardless of religion, caste, political affiliation, HIV status, literacy, disability or any other characteristic.

Borrower Requirements

Group Self-selection

Participants will work together in groups of five to ten people and will determine the nature of the business idea that they wish to pursue individually or collectively. Group members should not be from the same family. Participants will be encouraged to develop their own group constitution and rules and to decide on the first two borrowers. Formation of groups creates peer pressure, which will promote compliance with project rules, and provide peer support at times of difficulty.

Group members will be expected to open a

¹Appendix A reproduces the original document that presented the CYCI model. Some minor modifications have been made in the light of experience and to reflect good practice as developed in the pilot projects.

²This was subsequently amended to 15.

joint savings account with a savings bank of their choice to encourage savings and to provide security in the event of default.

The training for participants and project staff will catalyse group formation.

Business Plans

All borrowers will be required to complete a basic business plan, which demonstrates that their proposed business is viable and sustainable. This will be a very simple document (in the local language) and participants will receive help in developing their business ideas as part of the training.

Accountability

The borrowers will be made accountable to the project by signing an agreement that they will follow the rules and regulations, and will repay their loans in full to their groups.

Nature of Activities

All activities supported by the CYCI should be non-exploitative and environmentally sustainable, and take place within the laws of the land. Activities which could adversely affect human rights or involve trade in drugs should not be supported.

Nature of Loans

Procedures and conditionalities

The nature of the loans is such that income-generating projects that provide self-employment will be the target for start-up funds, while projects that provide employment for others will be the target for scale-up funds. The loans are administered and delivered only if borrowers satisfy CYCI conditions set out by project staff.

Size of loans

CYCI is intended to focus on small-scale enterprises and will seek to deliver loans to as many participants as possible; accordingly

loans will be small. It is anticipated that loans delivered to first-time borrowers during the pilot phase will be between US 50 and US\$100. Once repayment of the loan is complete, the Management Advisory Board may consider loans above US\$250.

An appropriate rate of interest is applied and repayment is expected on a weekly basis within a 52-week schedule. Repayments will consist of interest and part of the capital. In case of default, repayments will be taken from the savings accumulated both in the group fund, and on an individual basis.

Pattern of loan delivery

If the number of borrowers in each group is five, the loan delivery standard format to groups is the 2.2.1 format, where two borrowers are given their loans and monitored for five weeks. If repayment is prompt and other rules and regulations are observed, the next two borrowers are given loans and then further monitoring takes place for five weeks, before the last member of the group receives his/her loan.

Institutional Arrangements

NGO partners

CYCI will be implemented through NGO partners in areas where potential partners are located. The NGO will be responsible for administering the credit facility as well as conducting training of the borrowers.

Fund management will be in the hands of the NGO. The Commonwealth will deposit the fund in a commercial bank. Money collected as repayment and interest will be recycled as second loans or loaned to new borrowers.

Partner NGOs must have no political affiliations and must be sympathetic to the ideals of the Commonwealth.

Management Advisory Board

A Management Advisory Board (MAB) will be

set up to monitor and evaluate CYCI. If the scheme is to involve CYP, the board will include youth representatives, the project supervisor, a CYP Regional Centre staff member, and a representative from the business and Government Ministries.

The MAB will receive reports on the project and the Fund Statement every quarter and report directly to CYP.

CYP

CYCI will not be directly administered by CYP. CYP will provide external monitoring and evaluation, seek funding and disseminate the CYCI model. CYP will also make available training manuals, training expertise, and other support services.

Monitoring will take place at the enterprise, individual and regional levels.

Sustainability

Each CYCI project will be expected to reach a position of sustainability after three years. NGOs to participate in CYCI project will be selected on their ability to attain sustainability of the loan fund.

CYCI will not support enterprises that contribute to the degradation of the environment.

It is expected that participants should eventually be able to access the commercial banking network once they have accumulated sufficient assets/savings and collateral.

Appendix B: Advocating the CYCI

Promoting and advocating the CYCI are necessary to make the initiative work. Some points to bear in mind when seeking to 'sell' the initiative to funders, government decision-makers, NGOs, community leaders and young people themselves are:

Know your audience: different people are interested in CYCI for different reasons. Among the key stakeholders you may need to influence are:

- *government:* Head of Government and Cabinet; Ministries of Youth Affairs, Development, Finance, Women's Affairs, local politicians
- *the finance sector:* the central bank, the development bank commercial banks, credit unions, informal financial institutions
- *beneficiaries:* young women and men, parents, teachers, community leaders
- *NGOs and training institutions:* those working directly and indirectly with young people, micro-credit and/or enterprise development.

Tailor your message to suit your audience: each of the stakeholders mentioned above has a different set of concerns and interests.

Points to Emphasise

- *micro-credit works:* experience has shown that poor people and young people are

'bankable' and can effect their own economic development if credit and business support are available

- *micro-credit is not a universal panacea:* poor communities still need food, water, sanitation, electrical power, infrastructure, health services and education
- *the CYCI offers an integrated package of credit, training and business support to maximise the probability of success*
- *the CYCI builds upon successful approaches that have worked in the past, including the group savings approach, and implementation through a partner NGO*
- *the CYCI emphasises community participation and a consultative stakeholder approach*
- *the CYCI is flexible, and is designed as a menu of options from which stakeholders may choose the most appropriate to national and local conditions*
- *the CYCI has been pilot-tested in each of the four main regions of the Commonwealth, and offers a synthesis of best practice in enterprise development and provision of micro-credit. However, it is not a prescriptive solution to all the problems that may be encountered in implementing a micro-credit programme. Flexibility and a creative approach to problem solving are essential.*

Appendix C: Selecting the Implementing Agency

To what extent (e.g. on a scale of 1 to 5) does the prospective partner agency have:

- mission objectives and policies consistent with the goals of the CYCI? The partnership between the lead agency and the implementing agency should be based on a track record of successful activity in the same areas as the CYCI: youth development, enterprise development and micro-credit provision.
- a solid reputation as a reliable and effective organisation, with a sound legal status and constitution, a solid financial footing and honest and efficient staff, and without partisan political affiliations? The partner agency should be able to provide written references or testimonials, and be well spoken of in the communities in which it operates.
- mature management skills and considerable levels of sustainability?
- a policy of consulting with beneficiaries in the design of programmes?
- effective outreach capacity to facilitate links and promote a sense of ownership and mutual accountability between the NGO and the beneficiaries of the programme?
- an extensive infrastructure at grassroots levels to enable hands-on collection of repayments, rapid monitoring, and maximum contact between field staff and

beneficiaries?

- adequate, transparent accounting procedures for financial review and monitoring?
- adequate and appropriate staff capable of:
 - sound financial management
 - conducting training, business counselling and field monitoring
 - undertaking evaluations and impact assessments, and regular reporting to the lead agency, funders, and beneficiaries.

In seeking to establish this information, it is advisable to:

- meet and talk to the management and staff of the NGO as soon as possible
- visit their premises and observe their management style, staff morale, rapport with clients, day-to-day work practices and attitudes
- ask to see financial audits or accounts to determine the organisation's financial standing and financial management capabilities
- talk to clients/beneficiaries/communities the organisation has assisted, and hear how it is regarded by the people it claims to be serving.

Appendix D: Legal and Financial Agreement

There follows a template for the drawing up of a legal agreement between the lead agency and the implementing agency of the CYCI. This template assumes that the lead agency is a ministry within a national government, and

that 'Commonwealth Youth Credit Initiative' is the name of the programme being implemented. If this is not the case, the template can be modified accordingly.

**AN AGREEMENT BETWEEN
[NAME OF IMPLEMENTING AGENCY]
AND
THE GOVERNMENT OF [COUNTRY],
MINISTRY OF [LEAD AGENCY]
REGARDING THE IMPLEMENTATION OF THE
COMMONWEALTH YOUTH CREDIT INITIATIVE IN
[COUNTRY]**

WHEREAS the Government of [country] has the intention to implement a programme to provide credit to young people in [country], known as the Commonwealth Youth Credit Initiative (the CYCI) and

WHEREAS [name of implementing agency] (“[IA]”) possesses expertise and resources which would assist the Government of [country], Ministry of [lead agency] in implementing the CYCI in [country].

THEREFORE [IA] and the Government of [country], Ministry of [lead agency] (“the Parties”) agree to implement the CYCI on the following terms:

1.0 OBLIGATIONS OF [NAME OF IMPLEMENTING AGENCY]

[implementing agency] will:

1.1 Establish a facility for the extension of credit in accordance with and subject to the Project Specifics set out in the attached Annex 1, which shall form part of this agreement.

1.2 Subject to clause 1.7, use

- (a) funds received under clauses 2.1 and 2.2;
- (b) loans repaid by borrowers and
- (c) all development fund paid by borrowers on the loan amount and any other earnings received in respect of the funds and loans referred to in paragraphs (a) and (b) above,

solely as credit to be extended in accordance with clause 1.1. Title to these monies shall not vest in [IA].

1.3 Be liable to pay to the Government of [country], Ministry of [lead agency] on demand a sum or sums equalling.

- (a) any extension of credit made not in accordance with clause 1.2;
- (b) subject to clause 1.7, any funds which on termination of this agreement are not at that time disbursed in accordance with clause 1.2 and which comprise:
 - (i) funds received under clause 2.1 or 2.2;
 - (ii) loans repaid by borrowers; and

- (iii) Development fund paid by borrowers on the loan amount and any other earnings received in respect of the funds and loans referred to in subparagraphs (i) and (ii) above;

and

- (c) bad debts exceeding 25% of total credit extended

For the purpose of paragraph (c) of this clause:

- (i) 'Bad debts' means all credit extended in accordance with clause 1.2 which has not been repaid in accordance with the terms on which it has been extended, and
- (ii) 'Total credit extended' means all credit which is due to be repaid at the same time as the bad debts (as defined).

1.4 Ensure that it complies with local laws in performing its obligations under the agreement.

1.5 Appoint and manage staff to perform its obligations under this agreement in accordance with local employment laws and practices.

1.6 Ensure that all:

- (a) funds received under clause 2.1 or 2.2;
- (b) loans repaid by borrowers, and
- (c) Development fund paid by borrowers on the loan amount and any other earnings received in respect of the funds and loans referred to in paragraphs (a) and (b) above

are deposited in an interest bearing account or accounts operated solely for the purpose of receiving and disbursing such monies. Any account opened in accordance with this clause shall refer in its title to the CYCI.

1.7 Be entitled to use all the interest and other earnings referred to in clause 1.6 (c) to defray any expense incurred in carrying out its obligations under this agreement or for any other purpose it sees fit.

1.8 Ensure that all cheques drawn on or other withdrawals made from, the accounts or accounts referred to in clause 1.6 are countersigned (in the case of a cheque) or authorised (in case of other withdrawals) by an authorised representative of the Government of [country], Ministry of [lead agency]. This clause shall not apply to cheques or withdrawals in respect of a sum less than \$US50.

1.9 Ensure that all expenditures from the account or accounts referred to in clause 1.6 are properly accounted for and monitored.

1.10 Ensure that full and up to date financial records are kept detailing all income accruing to and expenditure from, the account or accounts referred to in clause 1.6. The Government of [country], Ministry of [lead agency] shall have access to these records on reasonable notice.

1.11 Provide quarterly financial reports to the Government of [country], Ministry of [lead agency] detailing all income accruing to, and expenditure from, the account or accounts referred to in clause 1.6.

1.12 Provide full audited account to the Government of [country], Ministry of [lead agency] annually.

1.13 Provide progress and implementation reports to the Government of [country], Ministry of [lead agency] twice a year in accordance with monitoring criteria to be prescribed by the Government of [country] Ministry of [lead agency].

2.0 OBLIGATIONS OF THE Government of [country], MINISTRY OF [LEAD AGENCY]

The Government of [country], Ministry of [lead agency] will:

- 2.1 Pay [funding amount] to [IA] to enable it to perform its duties under this agreement.
- 2.2 At a time or time after the payment is made under clause 2.1, pay to [IA] such further sum or sums as the parties agree is or are necessary for the [IA] to perform its obligations under this agreement, up to a maximum total of [supplementary funding amount]. for each year that this agreement is in force. This amount and timing of each payment or payments will be agreed from time to time between the parties.
- 2.3 Provide technical support to the [IA] in the form of technical expertise and other non-financial resources, to be agreed between the parties.

3.0 Agency Excluded

For the avoidance of doubt, the [IA] is not acting as agent for the Government of [country], Ministry of [lead agency], and shall not in any way represent itself to third parties as doing so, in carrying out its obligations under this agreement.

4.0 Indemnity

4.1 [IA] shall insure itself against all actions, claims demands, liabilities damages, cost and expenses arising out of or in respect of damage to property or other loss, or personal injury to or death of any person, which arises as a direct or indirect result of the performance or non-performance by [IA] of this agreement.

5 Provision for Modification of this Contract

The agreement may be reviewed by the parties every twelve months or as may be necessary.

6. Arbitration

The parties shall endeavour to settle by negotiation any dispute which arises in connection with this agreement. If negotiation fails, the dispute shall be referred for arbitration in accordance with [insert name of appropriate arbitration statute] which forms a part of this agreement.

7.0 Force Majeure

7.1 If either party is unable to perform the contract or delayed in the performance of the contract due to Force Majeure, that party shall, as soon as practicable and in every case within one month, notify the other party. The Party notified may, in its discretion, suspend or terminate the contract.

7.2 Neither Party shall be liable to the other for any breach or non-performance of its obligations under this agreement or for losses or damages sustained by the other party where such breach or non-performance of the agreement is caused by Force Majeure.

8.0 Applicable Law

This agreement is governed by, and shall be construed in accordance with the Laws of [country].

9.0 Duration

9.1 The agreement shall commence on [starting date] and expire on [termination date]. Expiry shall not affect any rights or obligations conferred or incurred under the agreement while it is in force.

9.2 The agreement can be renewed by either party upon giving the other party one month notice before the expiry date.

10. Whole Agreement

The agreement, including Annexes I and II and the criteria to be prescribed under clause 1.13, shall constitute the whole agreement.

11. Termination

Either Party may suspend or terminate this agreement by giving six months notice in writing without affecting any rights conferred or obligations incurred while the contract is in force.

IN WITNESS HEREOF THE HANDS OF THE PARTIES ARE SET ON THE DAY AND YEAR FIRST BEFORE WRITTEN.

SIGNED:..... DATE:.....

POSITION:.....

A duly authorised representative of Government of [country], Ministry of [lead agency].

SIGNED:..... DATE:.....

POSITION:.....

A duly authorised representative of [implementing agency]

ANNEX I: PROJECT SPECIFICS AS REFERRED TO IN CLAUSE 1.1 OF THE AGREEMENT

1. Borrower Lending Criteria

(i) Age of borrowers

16–29 years, with preference given to those under 24. Special attention will need to be paid to national legislation and practice relating to the legal position of those under the age of majority.

(ii) Means test

No access to credit or other capital from existing sources, in accordance with criteria to be determined by the Parties prior to any transfer of funds under clause 2.1 of the agreement.

(iii) References and assessment

Credible references, either oral or written, regarding the borrower's suitability and previous relevant experience.

(iv) Access and actively seek to achieve a non-discriminatory gender balance

Access to funds shall be provided regardless of religion, political affiliation, socio-economic status, HIV status, literacy, or disability.

(v) Location

Living within the project area, such area to be determined by the Parties prior to any transfer of funds under clause 2.1 of the agreement.

(vi) Lending to individuals only, who must be part of group

Lending shall be to individuals, who may only borrow as members of a group. The group must comprise five individuals, and have cohesion and a sense of purpose. No direct incentive or encouragement to be given to formation of groups.

(vii) Business plans

Individual borrower must have completed a basic business plan, oral or written, which demonstrates that proposed business is sustainable and which contains terms as to repayments.

(viii) Nature of activities

Business activities must be non-exploitative and environmentally sustainable, lawful, and not contrary to the principles of the Commonwealth embodied in the Harare Declaration of 1991.

Preference to income-generating projects that provide self-employment

2. *Lending Procedure*

(i) *Size (upper and lower limits)*

With a range US\$50-500. The loan must be large enough to be of effective use to the borrower, but small enough for him/her to manage the repayments within the intended time schedule.

(ii) *Pattern of delivery to individual members of groups*

Two borrowers in a group to be given their loans and monitored for five weeks. If repayment is prompt and in accordance with the terms on which the loan is made, then the next two borrowers in the group are to be given loans. Monitoring will continue for another five weeks before the last member of the group is given his/her loan.

(iii) *Lump sum loans*

Preferable to deliver loan as a lump sum.

(iv) *Savings scheme*

Borrowers to be required to save money on a regular basis.

[Implementing agency] will ensure that these savings are deposited on group deposit in a safe commercial bank which pays a competitive rate of interest, will assess the level of savings insurance that is available and will take all necessary action to reduce the risk of loss of savings if the commercial bank becomes distressed.

3. **Terms of Loan Repayment**

(i) *Repayment schedule*

Loan terms not to exceed 52 weeks. The precise length of the term will vary according to the size of the loan and the ability of the business to repay the loan.

Repayments should be weekly and calculated and agreed with the borrower. Repayments must be frequent enough to facilitate effective monitoring and to allow sufficient capital to remain in the business for operating expenses.

(ii) *Accountability of borrowers*

Before any funds are extended to them, borrowers must sign an agreement that they will repay their loans in full in accordance with the terms on which the loan is made. Individuals are to be jointly and severally liable for loans made to all members of the same group.

4. **Further Criteria and Conditions for Lending**

The Parties may from time to time agree upon such further conditions and criteria for lending as appear necessary for the effective implementation of the agreement.

Appendix E: Some Facts about Micro-credit

1. Micro-credit is increasingly popular as a means of alleviating poverty

The potential contribution of micro-credit to poverty alleviation has been officially recognised by development practitioners and donors alike and is receiving attention at the highest financial and political levels. In February 1997, the World Bank convened a Micro-credit Summit, which pledged to raise US\$20 billion to reach 100 million poor people, using the NGO style of delivery, which is also the basis of the CYCI.

Poor people are as endowed with entrepreneurial and creative skills as anybody else, but have often been under-employed for lack of access to land and other productive resources. By providing small loans to assist them in exploring and developing their skills and engaging in productive micro-enterprises, micro-credit generates employment and incomes, and contributes to national development goals. Successful micro-credit schemes include the Grameen Bank in Bangladesh, SEWA in India, ACCION in Latin America, KREP in Kenya, PRIDE Africa, and Opportunity Trust, amongst many others (Buelcher, 1994).

2. Micro-credit empowers those to whom it is directed

Micro-credit can transform the position of poor people from that of being recipients of welfare and spectators in the development process to participants and actors with the ability to shape their own development processes. Where the poor have been empowered in this way, they have demonstrated their ability to organise themselves into marketing groups, form lobbying and pressure groups and improve their bargaining power.

Case studies carried out by various aid agencies (the CYP, the Grameen Bank, BRAC, KREP, Opportunity Trust and Christian Aid amongst many others) in Asia, Africa and Latin America indicate the benefits that micro-credit have brought to poor people. A comparison of the borrowers with non-borrowing households has shown that the former have clearly benefited from the loan schemes (Bundell, 1997). Women borrowers have increased their status and decision-making roles since their transformation from perceived as dependents. In India, women borrowers have reported that they can now go to the market and provide for their families as well as save for a rainy day. This is also thought to bring family stability (ICECD, 1997).

3. Lending to the poor is not a new concept

In many countries, traditional money-lenders and group savings schemes of various kinds have for a long time provided the poor with financial resources. However, banks have often lent money at high interest rates, or in excessively large quantities that made the repayments beyond the means of all but the most resourceful entrepreneurs. Or they have insisted on collateral and security, which the poor could not provide. Thus, the poor have sometimes been labelled as an 'unbankable', a risky target group left to rely on their own means or be exploited by moneylenders.

However, the experiences of NGOs in the last decade have demonstrated that the poor can successfully use small loans to earn an income and are prompt repayers. For example, Opportunity Trust records a repayment rate of 95 per cent. The Grameen Bank in Bangladesh, one of the best-known micro-credit institutions, started as an NGO and has since graduated to the status of bank.

4. Micro-credit works best when it is delivered by community-based NGOs

When governments and financial institutions have lent money to the poor, there have been problems of low repayment rates, excessively high administrative costs and ineffectual monitoring. Government-subsidised loans, especially in the agriculture sector, were often viewed as hand-outs for which there was no need to pay back.

The successes that community-based NGOs have enjoyed in reaching the poor are due to factors such as proximity, trust, commitment, client participation, flexibility and responsiveness. These provisions have made traditional collateral unnecessary. Other key elements that appear to promote the success of loan schemes to the poor include cutting the loan processing time, reducing paperwork to a minimum, simplifying application forms and having a network of loan collectors who are themselves part of a group savings scheme (Buechler, 1995).

5. Micro-credit works for enterprises at various stages of development

As well as stimulating the development of new enterprises and industries, micro-credit also serves to strengthen and consolidate existing ones. Studies on household and rural economies have recognised the significant role played by off-season/off-farm incomes in promoting the economic independence and prosperity of rural farming communities. These incomes are derived mainly from seasonal enterprises which may, in many cases, benefit from low-cost, accessible credit to ensure their viability throughout the seasonal cycle.

Limitations of Micro-credit

1. Micro-credit is not a universal panacea for eliminating poverty

While micro-credit is certainly an effective tool in empowering the poor, it cannot by itself win the poverty war. Its delivery should therefore not be seen as an end in itself, but rather as one of

many ways of helping people escape the poverty circle. The poor have a range of needs (health, training and education, water and other infrastructure) which also need to be addressed, and which need to be paid for (Bundell, 1997). Hence, micro-credit should be administered alongside such poverty alleviation measures as health, education and other programmes.

The impact of micro-credit on the poor is enhanced where their other needs have also been met. Healthy, educated people are more likely to establish profitable and sustainable businesses, generating a high return on loans, than unhealthy, uneducated people. Therefore, it is advised that resources earmarked for other key development programmes should not be diverted to micro-credit, but rather be maintained and complemented with micro-credit interventions to promote economic development.

2. Micro-enterprises also have limitations

Micro-enterprises – the primary beneficiaries of micro-credit – themselves have various limitations. They generally have a small production base and poor purchasing power, and operate beyond the threshold of government regulation and assistance. Where many micro-enterprises produce the same goods, for the same price, the problem of market saturation may arise. In such situations, micro-credit programmes alone may result in damage by stimulating further price competition without stimulating demand. Possible solutions may include finding ways to diversify product lines and improve infrastructure so that goods produced by local micro-enterprises can be more widely distributed. These solutions are not found simply through the provision of credit.

3. Micro-credit is not the only way to create employment

It is sometimes argued that micro-enterprises provide only self-employment and do not

generate significant employment, as is the case with large companies. This argument is valid in situations where the establishment of large companies is feasible but has not taken place, whether because of government regulations or other reasons. However, in the majority of areas where micro-credit has been introduced, there has never been any notable interest from large companies (for various reasons including lack of infrastructure) and the only feasible option available to the poor is self-employment.

There are certainly situations in which large companies can have a much greater impact than micro-credit on unemployment. However, experience suggests that up to 40 per cent of micro-enterprises may in fact create employment opportunities for at least two people. Thus, the relative merits of micro-enterprise versus large company investment need to be weighed in each particular situation

to ensure maximum benefit to the local community. It should also be borne in mind that, for the poor, the goal of increased productivity and income is as important as the goal of employment creation. This should also be reflected in the evaluation of micro-credit schemes.

Nevertheless, not all poor people are born entrepreneurs. Nor will the environment in which the poor find themselves necessarily be one in which a wide range of profitable small-scale entrepreneurial activities are possible. Therefore micro-credit does not obviate the need to create wage employment, as self-employment is not an option for all poor people. Many will certainly continue to rely on wage employment for their livelihood. This suggests that governments are well advised to continue to invest in employment creation programmes alongside micro-credit interventions.