



## Financing smallholder production: A comparison of individual and group credit schemes in Zimbabwe

Michael Bratton

First published: April/June 1986

<https://doi.org/10.1002/pad.4230060202>

Citations: 29

### Abstract

Credit programmes aimed at individual smallholders in Africa have had disappointing results, particularly with regard to loan repayment. This article enquires whether group lending under terms of joint liability is a more effective approach. Data are derived from the performance of smallholder credit schemes in Zimbabwe in the period 1980–1984. The findings are as follows: (a) access to credit is easier for small farmers if they belong to voluntary agricultural associations; (b) loans issued on terms of joint liability have lower administrative costs; (c) most importantly, joint liability arrangements lead to higher repayment rates than schemes based on individual liability; (d) although joint liability is better enforced by mandatory sanction than by selective incentive, this advantage is offset by a disintegrative effect on farmer organizations. The conclusion is that a policy of group lending is generally more viable than an individual approach, but only in the context of the creation and strengthening of local farmer institutions.

### References

Adams, D. and Ladman, J. (1979). 'Lending to the rural poor through informal groups: a promising financial market innovation?' *Savings and Development*, 2, 85–94.

[Google Scholar](#)

Agricultural Finance Corporation (1984). Annual Report, 1984, Harare, Agricultural Finance Corporation.

[Google Scholar](#)

Anderson, D. and Khambata, F. (1985). 'Financing small-scale industry and agriculture in developing countries: the merits and limitations of "commercial" policies', *Economic Development and Cultural Change*, 33, 349–371.

[Web of Science®](#) | [Google Scholar](#)

---

Bottomley, A. (1975). 'Interest rate determination in underdeveloped rural areas', *American Journal of Agricultural Economics*, 57 (2), 279-291.

[Web of Science®](#) | [Google Scholar](#)

---

Bratton, M. (1986). 'Farmer organizations and food production in Zimbabwe', *World Development*, 13, 3.

[Google Scholar](#)

---

Chavunduka, G. L. et al. (1982). *Report of the Commission of Inquiry into the Agricultural Industry*, Harare, Government Printer.

[Google Scholar](#)

---

Chimedza, R. (1984). 'Savings clubs: the mobilization of rural finances in Zimbabwe', Geneva, International Labour Office, Rural Employment Policies Branch, mimeo.

[Google Scholar](#)

---

CILCA (International Liaison Committee for Food Corps Programs) (1985). 'Report on the Wedza Project Credit Scheme, Zimbabwe', Waltham, Massachusetts, Brandeis University, July, mimeo.

[Google Scholar](#)

---

Esman, M. and Uphoff, N. (1984). *Local Organizations: Intermediaries in Rural Development*, Ithaca, New York, Cornell University Press.

[Google Scholar](#)

---

J. Howell (ed.) (1980). *Borrowers and Lenders: Rural Financial Markets and Institutions in Developing Countries*, Overseas Development Institute, London.

[Google Scholar](#)

---

Howse, C. J. (1974). 'Agricultural development without credit', *Agricultural Administration*, 1 (4), 259-262.

[Web of Science®](#) | [Google Scholar](#)

---

Korten, D. (1980). 'Rural development and community organization: a learning process approach', *Public Administration Review*, 40 (5), 480-511.

[Web of Science®](#) | [Google Scholar](#)

Lele, U. (1975). *The Design of Rural Development: Lessons from Africa*, Baltimore, Johns Hopkins University Press for the World Bank.

[Google Scholar](#)

---

Lipton, M. (1976). 'Agricultural finance and rural credit in poor countries', *World Development*, 4 (7), 543–553.

[Web of Science®](#) | [Google Scholar](#)

---

Miller, L. F. (1977). *Agricultural Credit and Finance in Africa*, The Rockefeller Foundation, New York.

[Google Scholar](#)

---

Mutunhu, T. E. (1984). 'The Agricultural Finance Corporation of Zimbabwe', paper presented at the Commonwealth Workshop on Rural Credit for Africa, Harare, May, mimeo.

[Google Scholar](#)

---

Nyengerai, A. C. (1984). 'Towards a sound credit policy for promotion of fertilizer use—the Zimbabwean experience', Harare, paper presented to FAO seminar on Fertilizer Marketing Policies, May, mimeo.

[Google Scholar](#)

---

Olson, M. (1965). *The Logic of Collective Action*, Harvard University Press, Cambridge, Massachusetts.

[Google Scholar](#)

---

Ostrom, V. and Ostrom, E. (1979). 'Public goods and public choices', in E. S. Savas (ed.) *Alternatives for Delivering Public Services: Towards Improved Performance*, Westview Press, Boulder, Colorado.

[Google Scholar](#)

---

Reid, J. (1982). 'A review of the history and role of credit within Silveira House's agricultural scheme, and proposals concerning its future development', Silveira House, Chishawasha, Zimbabwe, mimeo.

[Google Scholar](#)

---

Reynolds, N. (1984). 'Agricultural credit', Harare, draft chapter, *The Struggle to Plan* (ms).

[Google Scholar](#)

---

Silveira House, Annual Reports, Chishawasha, Zimbabwe, Silveira House Centre for Leadership Training and Development, 1980–1984.

[Google Scholar](#)

---

Smith, G. and Dock, S. J. (1982). 'The savings development movement in rural Zimbabwe', Harare, paper submitted for publication in Rural Development Participation Review, mimeo.

[Google Scholar](#)

Watts, M. (1983). 'The political economy of climatic hazards: a village perspective on drought and peasant economy in a semi-arid region of West Africa', *Cahiers d'Etudes Africaines*, 89-90, 37-72.

[Web of Science®](#) | [Google Scholar](#)

Whitsun Foundation (1980a). Peasant Sector Credit Plan for Zimbabwe, Whitsun Foundation, Salisbury, 3 vols.

[Google Scholar](#)

Whitsun Foundation (1980b). *Silveira House Agricultural Project*, Whitsun Foundation, Salisbury.

[Google Scholar](#)

World Bank (1975a). *The Assault on World Poverty*, World Bank, Washington, DC.

[Google Scholar](#)

World Bank (1975b). *Agricultural Credit*, World Bank Sector Policy Papers, Washington, DC.

[Google Scholar](#)

## Citing Literature



[Download PDF](#)

### ABOUT WILEY ONLINE LIBRARY

[Privacy Policy](#)

[Terms of Use](#)

[About Cookies](#)

[Manage Cookies](#)

[Accessibility](#)

[Wiley Research DE&I Statement and Publishing Policies](#)

[Developing World Access](#)

### HELP & SUPPORT

Contact Us  
Training and Support  
DMCA & Reporting Piracy

**OPPORTUNITIES**

Subscription Agents  
Advertisers & Corporate Partners

**CONNECT WITH WILEY**

The Wiley Network  
Wiley Press Room

Copyright © 1999-2025 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.

**WILEY**