Artefacts of Accountability: Relationships, Audit, and Ambitions in the Malawian Microfinance Sector

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PhD African Studies

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2018

Abstract

Accountability has become a prominent theme in the conversation around how international development agencies can best achieve their goals in an effective and ethical manner, and how they should seek to engage with their stakeholders. There is a growing consensus that what accountability looks like and how it is achieved varies significantly according to context, shaped by who the actors are, where they are working, and the nature of the intervention. This thesis presents an original, empirical study of accountability discourse and practice by focusing new attention on the global microfinance sector. Debates and controversies about the capacity of microfinance to reduce poverty in the 'global south' are pervasive, and, I assert, issues of accountability. I explore these issues through the questions I pose in this thesis of, for what are microfinance organisations accountable, to whom, and how?

Through the in-depth, qualitative case study of one microfinance institution, Cloud Loan, this thesis extends our understanding of accountability and microfinance. Tracing day to day operations, interactions, and decision making from Cloud Loan's headquarters in London to field offices in Malawi, the thesis argues that mechanisms of accountability are being co-opted to serve a performative role, in ways that legitimise rather than challenge existing practices and behaviours in the microfinance sector.

As the thesis shows, microfinance organisations have come to hold themselves accountable for maximising income and keeping costs low, and often prioritise these ambitions above stated goals of social impact. Appeals to supporters and donors are predicated upon a lack of transparency: accounts are carefully constructed and selective, and key information is systematically withheld to create an appealing and expected narrative. Constructing and maintaining such artifice, as well as narratives of accountability, I argue, have come to occupy extraordinary time and resources, often diverting funds from alternative uses that are potentially more beneficial to those in whose name microfinance organisations operate.

The thesis also argues that this lack of transparency cuts deeper and more widely across the Malawian microfinance sector, underpinning a culture of secrecy, conducive to inefficiency, and fraud. Such findings raise important concerns about whether microfinance interventions reflect the will and preferences of those in whose name they are being undertaken, and whether participating communities are being adequately protected. Beyond Malawi, this thesis offers an important reminder that – despite new forms of accountability - the logic and practice of global microfinance continues to demand critical attention.

Declaration page

This is to certify that the work contained within has been composed by me and except where otherwise stated and referenced, is entirely my own work. No part of this thesis has been submitted for any other degree or professional qualification.

Signed:

Date: 6th May '19

Acknowledgements

My first thanks must go to the staff and clients of my case study organisation, and all those who so generously gave me their time, insight, and hospitality during this research. I would also like to thank my supervisors, Professor James Smith, Dr. Hazel Gray, and especially Dr. Jamie Cross for their support, feedback and guidance. Thanks too to the ESRC, whose financial support made this work possible.

The support and friendship of the University of Edinburgh postgraduate community, especially Alice, Becky, Talat, the SPS Writes crew, and fellow occupants of 4.15, has added so much to this experience, and I thank you all. Thank you too to my wonderful friends, for being wonderful, especially Cat, Nick, Kate, Emily, Yvette, and of course Alice and Rafi.

The greatest of thanks too to my family, who I have to thank for so much. I often think of the idea that we stand on the shoulders of giants, and they really are my greatest giants.

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Chapter 1: Introduction and Methodology

Introduction

In her 2002 Reith Lectures, under the title of 'A Question of Trust', the philosopher Onora O'Neill set out to explore the prevalence of discourse on accountability in the modern world, and assertions around the benefits that it can bring to society. Whatever the issue encountered, she explained, accountability has been pitched as a simple, catch-all remedy, making individuals and organisations more honest, more effective, and just better. Responding to the lecture, John Inge of Ely Cathedral reflected that, "It seems to me that accountability has…become something of an idol, and is a god to which most in our society are obliged to pay homage" (O'Neill, 2002a). Such veneration of accountability has been replicated too by influential actors and initiatives in the international development sector. In the 2011 DFID 'Humanitarian Emergency Response Review' (HERR), for example, as in the 2005 Paris Declaration on Aid Effectiveness, and 2008 Accra Agenda for Action, accountability is framed as a necessary precursor for effective aid, with the former observing that,

> "we need to increase transparency and accountability towards both donor and host country populations. Far from being burdensome, this is in fact a precondition for the improvements we want to see in terms of value for money and impact." (DFID, 2011: 4).

But what does 'being accountable' look like? As Fox articulates, accountability is a malleable concept that can mean all things to all people (Fox, 2007). Furthermore, as authors such as Lewis & Mosse (2006), Walsh (2014), and Unerman & O'Dwyer (2006) emphasise, accountability is inherently context specific, with the desirability and effectiveness of various tools and processes being dependent on myriad features and dynamics of particular interventions and organisations (Ebrahim, 2003; Dixon *et* al, 2006). To understand accountability, therefore, one must look beyond universal claims and protocols, and consider how accountability is manifested and experienced in particular contexts (Gray, 2002; O'Dwyer, 2005). Despite the attention that the subject has received at a broad scale, however, there remains a lack of empirical study and evidence on the reality of accountability, with studies of accountability in microfinance being particularly underrepresented in the existing research and literature (Dixon *et al,* 2006; Bongasu, 2015; Hartarska, 2005). In this thesis, I address this imbalance, exploring the internal workings of a microfinance organisation, and offering an investigation into accountability in microfinance. In so doing, I am able to offer insight on how key debates and criticisms of microfinance, much discussed at the macro scale by the likes of Milford Bateman (2010), are manifested and perpetuated by internal practice and dynamics, and everyday interactions. I have similarly been able to reflect on the influence of internal relationships on wider accountability and effectiveness, and as I argue in this thesis, this is a vital and influential area for consideration when studying or practicing accountability.

Structure of this Chapter

In this introductory Chapter I will introduce and contextualise my research questions, and review my research design process and methodology. This chapter also provides context for the later chapters, giving an overview of the evolution of microfinance in Malawi, and an introduction to my case study. A summary of the structure of this thesis and the content of subsequent chapters is also presented.

Research Questions

My ambition for this research was to understand accountability in microfinance, pursuant to which, the central question that I sought to answer was, '**How is accountability manifested and enacted in the Malawian microfinance sector?'** My intention when framing this question was that it should be open, allowing me to explore what accountability mechanisms, processes, and relationships existed with an open mind, rather than considering observations against a pre-set definition or model. From a review of the literature[1], however, I drew out three sub-questions, which together offered a loose framework around which to

[1] In Chapter 3, I present a review of key literature and ideas with which I engage in this thesis

structure my research and analysis. Together these questions capture core elements of accountability, asking;

- **For what are microfinance organisations accountable?**
- **To whom are microfinance organisations accountable?**, and
- **How do microfinance organisations seek to be accountable?**

Summary of Key Arguments

In this thesis I argue that microfinance organisations primarily seek to hold themselves accountable for maximising income and keeping costs low, prioritising this ambition above stated aspirations of social impact. Much of the organisations' appeal to supporters and donors, however, I argue is predicated upon a lack of transparency: accounts are carefully constructed and selective, and key information, I describe, is systematically withheld to create an appealing and expected narrative (Bateman (2010). Furthermore, I argue that mechanisms of accountability, rather than challenging this behaviour, are being co-opted to serve a similarly performative role.

I argue that perpetuating this constructed narrative has come to occupy and consume time and resources in all parts of my case study organisation, diverting funds from alternative uses, potentially more beneficial to those in whose name work is being undertaken. Furthermore, I argue that this lack of transparency was not restricted to organisations' presentations of themselves. Rather, I observe that it cuts deeper and more widely across the Malawian microfinance sector, underpinning a culture of secrecy, which in turn creates an environment conducive to inefficiency, and harmful behaviours such as fraud.

Problem Statement and Contribution

Microfinance is a global phenomenon in international development, with programmes underway in an estimated 60 countries around the world (Bateman, 2010). Here, advocates claim, is an intervention that will empower participants, and reduce poverty in communities, all through a mechanism that is financially sustainable, reducing dependence on aid and donor support; As former Centre for Global Development Senior Fellow, David Roodman, describes,

> "Almost no development project has held such strong and multidimensional appeal as microcredit. It appeals to the left with talk of empowering women and the right by insisting on individual responsibility" (Roodman, 2012: 271)

Through the provision of small loans and financial services, the narrative goes, individuals living in poverty can regain agency, as they establish and expand their own businesses. The income generated from these enterprises will then enable the entrepreneurs to make sustainable improvements in their own lives, and through them, the lives of their families and communities. This is a narrative that donors, governments, policy makers, publics, and practitioners around the world have found compelling, exemplified by the UN's naming of 2005 as, 'The International Year of Microcredit'. Central to the messaging around this initiative were calls for the sector to continue its global expansion, as a means of releasing the, "powerful, but often untapped, entrepreneurial spirit that exists all over the world." (UN, 2004). As will be returned to more fully in Chapter 2, Malawi was one country to embrace such beliefs, with the Government in 2002 launching their 'Microfinance Policy and Action Plan'. The document opens with some sobering statistics on the number of Malawians living below the poverty line, before asserting that,

> "One way of [reducing poverty] is to promote income generation and employment creation among the poor. Increased access to credit, savings opportunities and other financial services will be crucial in this respect." (Government of Malawi, 2002: 2).

Alongside such ambitious claims, however, questions and controversy over the mission, effectiveness, and ethics of microfinance have haunted the sector. Milford Bateman's 2010 book, 'Why Doesn't Microfinance Work?' set out a stark challenge to the sector's advocates, arguing that a major disconnect exists between what is said of and by microfinance organisations, and the reality of what these organisations, and the wider sector, are actually doing and achieving. Concerns were similarly raised in a 2011 systematic review of the impact of microfinance, commissioned by the UK Department for International Development (DFID), which noted that, "Despite the apparent success and popularity of microfinance, no clear evidence yet exists that microfinance programmes have positive impacts" (Duvendack *et al*, 2011: 2). This opinion is echoed by the anthropologist, Jason Hickel, who has written that, "What's so fascinating about the microfinance craze is that it persists in the face of one unfortunate fact: microfinance doesn't work." (Hickel, 2015).

Concerns that such disconnections between rhetoric and reality exist have driven calls and attempts to increase the accountability of organisations and actors. As Dixon *et al* capture, there is a belief that, "more accountability is better and will lead to required goals and outcomes being legitimately pursued" (Dixon *et al,* 2006: 405). Nyamori *et al* (2017) similarly raise that across sub-Saharan Africa, the promotion of transparency and accountability has been central to initiatives aimed at reducing corruption, at all levels. In the wake of high profile cases of mismanagement and the exploitation of clients in and by various microfinance organisations internationally, Marini *et al* (2017) raise that similar calls have been made for more accountability across the microfinance sector, resulting in initiatives such as those explored in this study. Against this background, however, there remains relatively less understanding of the effects of tools and processes of accountability, or the ways in which they are enacted and experienced.

Microfinance is similarly a subject that has been much explored, though the majority of studies have focused on the critical question of what impact microfinance programmes are achieving (including Banerjee *et al,* 2014; Kabeer, 2005; Bateman & Chang, 2012; van Rooyen *et al*, 2012 and Mayoux, 1999). Within Malawi specifically, the growth of the country's microfinance sector in recent years has attracted the interest of national and global researchers. Aliou Diagne and Manfred Zeller, for example, undertook a significant study on the impact of access to credit on welfare in Malawi, on behalf of the International Food Policy Research Institute, with Diagne having previously undertaken a similar study, considering impact on income and food security (Diagne & Zeller, 2001; Diagne, 1998). Ephraim Chirwa similarly explored how shifts and expansion in the Malawian microfinance sector have affected poverty rates in the country (Chirwa, 2002). What have been less widely explored, however, are the microfinance organisations themselves. As Mosse articulates, this is a pattern that is frequently observed in development research, where,

> “the rich literature on the intended and unintended effects of development interventions on populations, regions and communities is hardly matched by accounts of the internal dynamics of development’s ‘regimes of truth’” (Mosse, 2011: 2)

As I explore in this introductory chapter, issues of accountability cut across these internal dynamics, and concern the relationships and interactions both within the organisation, and with external actors. By studying accountability in microfinance, therefore, this thesis sets out to offer new insights into the nature of accountability, as well as the global microfinance sector.

Narrowing the focus

As a means of gaining insight into these internal dynamics, I had at one stage thought to adopt a comparative approach, considering accountability in three separate case study organisations. This research was supported by an ESRC Collaborative Studentship, with the microfinance organisation, Cloud Loan[2] being the collaborating sponsor. At the heart of this arrangement was an understanding that what I produced would offer value to Cloud Loan, as well as academic outputs. This arrangement therefore influenced the selection of Cloud Loan as a case study organisation, and their most established country of

[2] Cloud Loan is a pseudonym for the organisation with whom I worked. In the Ethics and Anonymity section of this chapter, I explain why I have chosen to anonymise the organisation throughout this thesis. I have also redacted, throughout this thesis, references which compromise the anonymity of my organisation, such as website content and reports produced by the organisation. These references have been given a number in the style of ‘Cloud Loan Source 1.1’. I hold a list of the original references to which these numbers correspond, and should it be necessary, can provide further information.

operation, Malawi, as the context in which I would explore microfinance[3]. As will be discussed in Chapter 2, the Malawian microfinance sector is made up of a range of actors, including NGOs, commercial micro-credit agencies, and agencies established by Government. As such, I had thought to select further case studies which reflected this diversity, and consider manifestations and characteristics of accountability in these different contexts. On a pilot visit to Malawi, however, this plan changed. I had anticipated using this visit as an opportunity to meet with Cloud Loan's in-country staff, make arrangements for future visits, and approach prospective, additional case study organisations. My experience on this visit, however, encouraged me to take a different approach. It soon transpired that I had underestimated the process of negotiating and gaining access to the various constituent teams and offices of this dispersed organisation. As will be returned to in Chapter 6, I soon observed that communication between the various units and locations was slow and stilted, and even with a referral from the UK or Malawian Head Office, I found the process of beginning engagement with a new team or branch to be akin to engaging with a new organisation. It soon became clear to me that gaining the degree of access that I sought, across multiple agencies, would not be feasible within the constraints of this study. I chose, therefore, to pursue a single, qualitative case study as the mode of

[3] Researching an organisation that was partly funding my research offered valuable opportunities in terms of gaining access, and knowledge exchange, but also raised a number of challenges and considerations. I was both in insider and external, and in this chapter, I go on to reflect on the challenge of positioning myself as an independent researcher, rather than a paid consultant, with the latter being the role and relationship that both of us were more accustomed to. While difficult, establishing and maintaining this independence was essential, as it enabled me to speak freely and critically of my observations. I was aided in this effort by some of the trends that I discuss in this thesis more widely. Notably, I felt the pressure to pursue particular activities and lines of inquiry most keenly at the start of this research, from the staff who had worked with the University of Edinburgh to design the studentship. Several of these individuals, however, either left the organisation, or took on different roles, soon after I began, and as their replacements came in to the organisation with no pre-conceived notions of my role, we were able to establish my independence more clearly. While, as I outline in this chapter, gaining access and trust to and from teams across the organisation remained a challenge, I must again pay credit to the staff of Cloud Loan, the majority of whom spoke candidly to me about their experience and reflections, even when this cast the organisation in a negative light. I was very conscious of the responsibility associated with the access and candid conversations that I benefited from in this research, and as I also explain in this chapter, this informed my decision to anonymise my case study organisation.

enquiry for this research. While certain questions went unanswered, and I was not able to meet with everyone whom I wished to meet, this decision enabled me to focus my efforts, immerse myself in the work and life of Cloud Loan, and gain the depth of insight that I sought. This was essential for this research, as my case study organisation was more than simply a location within which to observe accountability. Rather, as I argue in Chapter 3, accountability is about the relationships and interactions between actors, and as such, only through such immersion can it be understood.

The experience of this pilot visit also brought to the fore the complexity and richness that can be found within a single organisation, confirming my decision to focus on a single case study. Similar research into accountability in different categories of microfinance organisations would, however, be an interesting area of future study. Furthermore, as will be presented in subsequent chapters, these initial observations around internal relationships and communication would recur and build throughout this research, and the importance of internal accountability and relationships is one of the key arguments of this thesis.

Case Study

Why a Case Study?

In the introduction to her book, 'The Real World of NGOs', Dorothea Hilhorst writes about how an "NGO is shaped by the actors in the organization and their surrounding networks (Hilhorst, 2003:1). Contrary to the impression given in some NGO literature, she continues, there is not one active manager or policy maker surrounded by passive, implementing automatons, but rather each individual and group will act according to their own understanding of instructions and circumstances, and are influenced by their own priorities and experiences. As Mosse & Lewis similarly describe, the translation of policies and procedures into practice is not, and should not be considered as, "an instrumental or scripted translation of ideas into reality, but as a messy free-for-all in which processes are often uncontrollable and results uncertain" (Mosse & Lewis, 2006: 9). It is understanding this messiness that is at the heart of my research questions, and as such, I have identified and pursued a single, qualitative case study as the most appropriate mode of enquiry for answering these questions.

A case study is defined by Gerring as being, “an intensive study of a single unit” (Gerring, 2004: 342). Bennett & Elman (2006) highlight that this approach offers a particular advantage in the examination of context specific phenomena, with Crowe *et al* similarly expanding that, “The case study approach allows in-depth, multi-faceted explorations of complex issues in their real-life settings” (Crowe *et al*, 2011: 2). In so doing, the approach can enable the researcher to gain an understanding of particular phenomena, in this case accountability, in the context in which they occur (Crowe *et al*, 2011; Yin, 2009).

An introduction to Cloud Loan and their work will be presented in Chapter 2, but it is what Bryman (2004) describes as an ‘Exemplifying Case’. It has not been selected as an extreme or unique example, rather it is an organisation whose approach to microfinance has been inspired by and reflects common traits of the global microfinance sector. As such, while generalisations cannot be drawn from case specific studies such as this one, as Burawoy (1991) raises, that does not mean that they are without societal significance, and the observations presented in this thesis can valuably be considered in future research around microfinance institutions and accountability more generally.

Data Collection

Participant Observation

The research questions that I pose are deliberately open, as my intention was to understand the lived reality of accountability within my case study. Answering these questions, therefore, required data which offered detailed accounts of the experiences and perspectives of diverse actors within the organisation (Campbell & Gregor, 2004). An ethnographic approach offers particular advantages in this regard. As Gottlieb describes, ethnography offers, “an unparalleled set of methods for exploring and gaining insight into people’s values, beliefs and behaviours” (Gottlieb, 2006: 47). Furthermore, as van Donge (2006) raises, such qualitative methods can be of particular valuable in addressing questions such as those posed in this study, offering as the do the potential to reveal the unexpected.

Within this approach, it was through participant observation that the majority of my data were generated. There were four phases of participant observation in this research: three in Malawi and one in the UK. The first of these was in a one-month pilot visit to Malawi in 2014. As previously discussed, I made this visit at an early stage in my research design process, and the experience was invaluable in shaping the research documented here. During this visit, I travelled to two Cloud Loan offices, in the Central Region; the African Head Quarters and a branch office[4]. Though these visits were exploratory and introductory, they also generated valuable data and insight into the workings of the organisation, and the wider context of Cloud Loan's work. In 2015, I spent one month working in Cloud Loan's London Head Office, before returning to Malawi for two longer, two-month visits. The time that I was able to spend in-country was limited, but incorporated extended return visits to Cloud Loan's Head Quarters and the branch office that I had visited previously, as well as a further Central Region branch, and two offices in the Southern Region[5]. I selected these offices as between them they offered the full range of Cloud Loan's loan products, and provided me with the opportunity to interact with staff involved in both service delivery and corporate functions. These different locations also enabled me to observe the same activities being undertaken multiple times by different people, allowing insight into both general norms across the organisations, and specificities of particular units.

[4] The Second Central Region Branch

[5] As I explain more fully in the Ethics and Anonymity section of this chapter, I was conscious, throughout the research and writing-up process, of the importance of preserving the anonymity of my case study organisation, as well as their staff and clients. As such, I have chosen not to include specific locations of Cloud Loan offices in this text. Instead, I refer to specific locations by the region of Malawi in which they are located, and order in which I visited them. For example, 'First Central Region Branch' is the first branch office that I visited in the Central Region, and 'Second Southern Region Branch' is the second branch that I visited in the Southern Region. This approach offers the reader insight into the specific geography, and context of the branch, through reference to the region, without compromising the anonymity of the organisation, or their staff and clients.

On all of these visits I worked from the local Cloud Loan office, enabling as this did the opportunity to engage with and observe staff and visitors to these offices as they went about their working days. The majority of my time in Malawi was therefore spent working from branch offices, and as such, it was with the loan officers who worked from these units that I engaged the most. This was, I felt, important for this work, as while understanding the corporate and administrative functions of the Head Office and African Head Quarters offered valuable and essential insight into certain facets of the organisation, as Lipsky (1980) observes, it is through front-line workers that clients access services, and therefore experience and come to understand the wider organisation. Lipsky's model of 'street level bureaucracy' is a valuable one for understanding the role of loan officers, which I expand on in later chapters. Importantly, while they are often marginalised within the organisation[6](Goetz, 2001; Siwale & Ritchie, 2011), they also undertake much of their work without physical oversight and support from their superiors. As such, they must not only manage conflicting instructions and priorities from within the organisation, but also balance these with demands presented to them by clients, as well as their own judgement and preferences. By giving particular weight to my engagements with individuals undertaking this critical role, therefore, I can offer a deeper insight into the workings of my case study organisation.

For these engagements in Malawi, language was a consideration. While the working language of Cloud Loan is English, with all staff members being fluent, only a handful of clients with whom I met could converse in the language, and client meetings were therefore also held in the local language. To support my observations of these meetings I had thought to hire a translator, who would accompany the loan officer and I on group visits. For reasons of practicality, however, the experience of my pilot visit encouraged me to change my mind from this approach. As will be discussed in later chapters, many of Cloud Loan's clients are located in rural parts of Malawi, in communities not always easily accessible by road. As such, all loan officer have the use of a Cloud Loan motorbike, enabling them to travel the long distances between groups, and

[6] See particularly Chapter 6

traverse the off-road terrain. When I accompanied a loan officer on a group visit, I would travel with them on the back of their motorbike, but if there had been a third person, this would not have been possible. One solution that I had considered was renting a car, and using this to transport the loan officer, translator, and myself between locations. This, however, would not only have precluded my visiting certain groups, due to lack of accessibility by road, but would also have altered the very dynamic that I was there to observe: the daily working life of the loan officers. Instead, I relied on the staff member whom I was accompanying to translate proceedings for me, which they always, generously agreed to do. A concern with this approach was that officers may filter out any negative feedback or comments, but I have no reason to believe that this occurred, beyond expected summarising and paraphrasing. On numerous occasions, staff members openly shared with me critical reflections and complaints from clients in the meetings that I attended, and from their wider experience.

Norman Long (2001) talks of international development interventions being undertaken at the nexus of various cultural and social practices. As Cloud Loan is an international organisation, I felt that my observations would be incomplete without an understanding the organisation's UK operations, and having the opportunity to gain insight into the experiences and perspectives of UK staff. As such, between the pilot visit and the first return visit to Malawi, I spent one month in Cloud Loan's London Head Office. Skovdal & Cornish (2015) discuss that participant observation should involve both participation and observation, and so it was that I spent this month as a volunteer in the fundraising team, working on a review of major donors. This role served a dual purpose. Firstly, it allowed me to integrate more effectively into the everyday operations of the office. It gave me a purpose that others in the office could make sense of, moving me, in their eyes, from being an onlooker to part of the team. Furthermore, it offered me a deeper insight into the workings of the office and organisation than would otherwise have been possible experiencing first-hand some of the issues that others would later raise. In the role, for example, I frequently encountered difficulties when trying to access information that I required to undertake the tasks assigned to me. This experience added extra resonance to encounters where others would raise such frustrations.

As is typical in the employment of participant observation, I made extensive field notes of my observations. Often these would be in the form of hand written notes, but where appropriate, other tools were employed. In branch offices, for example, I often found that writing in my notebook would elicit concerned glances, and make people more wary of my motivations. Using my phone, however, seemed to be a behaviour that those around me found less worrisome, so often I would use the notes function on my phone to record key observations, which I would write-up more fully at a later date. Similarly, using the voice recorder on my phone to record short reflections after conversations also enabled valuable quotes and observations to be captured. I would often use this tool after more informal conversations, as a means of quickly capturing specific quotes and points of interest. These notes and records were made with little pre-selection as to what was important or significant, but as my research progressed, certain issues and behaviours emerged that I would consciously look out for, meaning that while I remained open to unexpected observations, my notes became more structured as time went on.

Interviews and Documents

My preference in this research would have been that all engagements offered the opportunity to spend these extended periods of time with my participants, observing their lived realities. For various reasons of practicality, however, this was not always possible. Time was the major issue in this regard. The length of time that I was able to spend in Malawi, for example, was limited, and also those with whom I wished to engage were also often those with many demands on their time. So as not to lose their perspectives completely, however, when more intensive engagement was not possible, I sought the opportunity for an interview. Furthermore, as Bryman (2004) observes, even intensive periods of participant observations will not reveal all pertinent information. As such, he continues, practitioners will typically follow-up on their observations and conversations with more focused interviews, and a review of relevant documentation. It was this broader approach to qualitative data collection that I employed in this research.

As van Donge (2006) emphasises, a principle of ethnographic methods is that they seek to avoid, as far as possible, artificial research situations. In-line with this thinking, all participant observation in this study was undertaken in contexts and events that would have occurred with or without my presence, for example routine client meetings. My interviews, however, contravened this principle, as they were all arranged specifically for the purposes of this research. I sought to mitigate this as far as possible, however, by undertaking all such meetings in the offices of those with whom I spoke. This added an additional dimension to these encounters, beyond the content of our conversation. In later chapters, for example, I discuss an individual with whom I met, whose job had so significantly expanded that he did not have the time to undertake all his duties to the degree and standard required. While he raised in our interview that he often felt overwhelmed by the demands of his role, observing his cluttered desk, and the frequent interruptions during our time together, gave these claims resonance beyond what they would have had, had we met in a different location.

As discussed, these interviews were an opportunity to explore in greater detail my observations and experiences with Cloud Loan staff, but they also provided an opportunity to gain wider insight into the Malawian microfinance sector, from representatives of other microfinance organisations, and those working elsewhere in, or with, the Malawian microfinance sector. In that I would enter these engagements with particular questions and issues that I was keen to explore, but allowed interviewees to expand and deviate on, and from, these subjects, these meetings fall within the definition of a semi-structured interview (Bryman, 2004). A full list of those with whom I met is included in Appendix 1

Existing documentary evidence also provided a valuable source of information. It is a characteristic of many tools and processes of accountability that they result in the generation of plentiful reports, records, and other forms of documentation. These, however are political: they are official representations made with a specific agenda, for a particular audience. While I engage with and interrogate these official accounts, particularly in Chapters 3 and 4, the wider conversations and observations integral to my research enabled me to challenge their content, and expose where lived realities and perceptions differed from official presentations.

A note on language and terminology

Artefacts of Accountability

In this thesis, I explore various relationships of accountability through the artefacts employed to facilitate communication or realise commitments. In framing these mechanisms and processes of accountability as artefacts, I borrow from the work of Rosalind Eyben. In her writing on results and evidence, Eyben adopts the term artefact to describe the tools and protocols, developed and utilised as means of progressing these agendas, and translating ambitions in to reality. They are, she continues, the 'concrete expressions' of discourse (Eyben, 2015: 19). In so doing, Eyben expands the definition of artefact long employed in workplace studies, to incorporate such techniques and processes as logical frameworks, performance measurement indicators, business cases, and theories of change (Eyben, 2013, 2015). My use of the term, 'artefacts of accountability' similarly captures the range of tools and approaches used to deliver on commitments to accountability, and facilitate associated exchange and communication. As Eyben explains, the examination of these artefacts offers insight into the agendas and discourse that led to their creation and adoption. In this work, I make similar observations, noting the myriad reasons and rationales for Cloud Loan's development of particular techniques and processes of accountability. The Progress out of Poverty Index[7], for example, I present was developed and shaped by discourse on poverty outreach, as well as criticisms and concerns within and of the microfinance sector about evidence of impact. The carefully crafted client profiles, discussed in Chapter 7, are similarly, I argue, artefacts generated in response to expressed desires for more authentic and direct connections with beneficiaries.

[7] Chapter 5

Van Es & Guijt (2015) also employ the terminology of artefact, using the label to describe an organisation's utilisation of Theory of Change, in their work on accountability. In the piece, the authors consider whether wider politics and pressures faced by the case study organisation have transformed the tool in to an "artefact for compliance" (van Es & Guijt, 2015: 109). As the pair, and Eyben (2013, 2015), note, the same artefact can be utilised and experienced differently in different environments, just as its significance and effects can change over time. As Eyben reflects, the conceptualisation of these mechanisms and processes as constructed artefacts enables, through their examination, greater understanding of the organisational environment and power relationships in which they have developed (Eyben, 2013). In my undertaking of this case study, conceptualising tools and processes in this way, and placing the artefacts at the centre of my analysis, enabled me to explore these wider issues of accountability.

How people talk about accountability

Accountability is the concept which inspired this research: as I outline in this chapter, it is one that while being much discussed and promoted in the abstract, is less well understood in practice. My ambition in this work was to explore how accountability is manifested and enacted in the Malawian microfinance sector and as such, it is valuable to reflect at this stage on the language of accountability that I encountered in the sector.

As I describe in this introductory chapter, in designing this research I sought not to impose too heavily my own interpretation of accountability, and instead to explore the subject with an open mind. This, however, presented a quandary. Strict adherence to this ambition would have meant restricting my analysis to those artefacts specifically identified by informants as being related to accountability. As Crack *et al* (2018) highlight, however, language can present a barrier in international and multilateral operations, with certain terminology not having direct translations in local dialects, and common parlance varying between groups and locations. As such, to restrict my analysis in this way would, I felt, have led to the exclusion of important and interesting artefacts and relationships, simply because the precise term ‘accountability’ was not attached to them.

To overcome this challenge, and ensure that I gained a comprehensive view, I developed a broad understanding of accountability which enabled me to identify wider practices and considerations, while not being overly prescriptive. This understanding was drawn from a review of accountability literature, presented in Chapter 3. In this chapter, I argue that what unites diverse interpretations of, and approaches to, accountability is that it is a fundamentally relational concept, concerned as it is with the giving of account by one actor to another. There are two core elements to this understanding which inspired my work: the interaction between parties, and the commitments made in, and wider content of accounts given. This broader understanding enabled my identification and examination of the organisation’s relationships, and the content and form of communication and exchange between actors and groups, such as reports, public communications, and client feedback, as artefacts of accountability. Similarly, it encouraged my consideration of the means by which Cloud Loan sought to enact and evidence their espoused commitments of creating businesses and reducing poverty.

Within Cloud Loan, I encountered the use of the term accountability most commonly in statements made by staff in branch offices. Loan officers in particular would often, as I recount in this thesis, describe their sense of being accountable to superiors in the African Head Quarters and in London, and for their being held to account, by these groups, for the undertaking of certain prescribed activities. These are dynamics that emerge frequently in Chapters 4 and 5, where loan officers describe requirements such as the delivery of client training, and undertaking of PPI interviews. It is also a central theme in my discussion on internal accountability in Chapter 6, where I argue that the organisation seeks to control behaviours and decisions at the branch level, requiring a flow of information up through the organisation to the London office, with relatively poor reciprocal communication to, and engagement with these staff. This internal conceptualisation of accountability as being concerned only with the holding to account of agents by principals, and matters of status and hierarchy, not only echoes common discourse around accountability, as discussed in Chapter 3, but also offers a valuable insight into the power dynamics within the organisation, which I also explore in Chapter 6.

In contrast, while loan officers and staff across Cloud Loan expressed a desire and commitment to improve the lives of their clients, the language of accountability was not used to describe these relationships. This too, I argue, is indicative of the power relationships within Cloud Loan, which I explore throughout this thesis. Clients were not conceptualised as rights holders to whom something was owed, rather they were largely considered by the organisation to be passive recipients of Cloud Loan's services. While my formation of a framework for understanding accountability, however, broad, imposes a degree of my own judgement and perspective, I feel that my actions were justified, enabling as they did dynamics such as those I highlight here to be raised, and a more holistic and valuable insight into accountability in the Malawian microfinance sector to be created.

Reflexivity

Integrating myself into the work and routines of the London office was relatively simple. I was one of three volunteers working in the office at the time, and the organisation was accustomed to new faces, with a steady turnover in the permanent staff. Having previously worked in the head office of an international development NGO, I also had some familiarity with much of the language and jargon that was used, and the tasks that were being undertaken. This experience enabled me to play an active role in the work of the team, but also raised in my mind issues of my own positionality and experience. As Wisker (2001) raises, when observing a context that the researcher finds familiar, they may read situations and behaviours differently to how they would in a new and unfamiliar context. DeWalt & DeWalt similarly observe that, more widely, "We need to be aware of who we are, understand our biases as much as we can, and understand and interpret our interactions with the people we study." (DeWalt & DeWalt, 2002: 94)

Such reflexivity is essential in participant observation, as just as my philosophical assumptions outline that it is in the interpretation and experience of actors that reality is created, so too are the findings presented here produced through my own judgements and interpretation (O'Reilly, 2005). I was particularly conscious of the effects of my own background during the early stages of this research. In the four years before returning to academia to start work on this PhD I was working for a large international development NGO, and it was here that my interest in the subject of accountability was first stirred. When I first began working with Cloud Loan, therefore, my default approach was to consider the work as a form of consultancy, leading me to approach issues in a mode that can best be summarised as 'diagnose and fix'. As an intensive study of a particular organisation, it would have been easy for this work to become instrumental in nature, offering insight for the organisation into how to improve their operations and practices, but contributing little to wider theory.

I was not, however, the first researcher to encounter such challenges when undertaking in-depth study of a particular organisation. The work of David Mosse (2001; 2005; 2011) and Dorothea Hilhorst (2003) provided a valuable guide for how to approach this research, as both showed the value, and challenges, of understanding of dynamics and lives within aid organisations. One danger that I was particularly conscious of was raised by Hilhorst (2003), who cites Stirrat & Henkel (1997) in her observation that research can be undermined if the researcher does not challenge their own assumptions, and gives too much weight to their own interpretation of events, rather than how they are perceived and experienced by others. As a means of mitigating against such risks, I sought to ensure that my field notes were as full and objective as possible, continually asking questions to which I thought that I knew the answer, as often this would expose responses and perspectives different to those that I had unconsciously assumed. I also found it valuable to create a distance between myself and Cloud Loan. As my research design and fieldwork plans were intentionally open and loose, it would have become easy for my time to be taken over pursuing tasks of interest to Cloud Loan management. While, to a degree, engaging in such tasks offered valuable insight into the organisation's internal workings (Mosse, 2001), committing myself to such work would have limited my potential to explore wider subjects of interest as they emerged, and made a return to a 'diagnose and fix' approach more likely. While I have committed to producing learning reports for both Cloud Loan and the Malawi Microfinance Network, I am treating these as distinctly separate pieces of work from this thesis.

Creating some distance between myself and UK management was also valuable in Malawi. As a white, British researcher, I was conspicuously different from others in Cloud Loan's Malawian offices, and to a greater degree, in the client meetings that I attended. I discussed previously the ongoing issue of negotiating access to Cloud Loan teams and branch offices, and in these processes, a question that would nearly always emerge was whether I was there on behalf of the management team in London. As I discuss in later chapters, there was a strong culture of top down management through prescribed processes and Key Performance Indicators (KPIs) in the organisation, and I often found that my first few days in a new location would be spent clarifying my role, and reassuring staff that I was not there to check-up on them. The ability to offer anonymity, as I later discuss, was valuable in overcoming the reservations of staff, concerned that offering critical reflections would have negative implications for themselves or their teams.

Ethics and Anonymity

All research brings with it ethical considerations, but these are particularly acute when employing participant observation. As described, this is a method that offers clear advantages for exploring the relationships and perceptions that are at the heart of this study, but it is also one that lacks the rigid boundaries of certain other methods: Observations are not contained to discrete times and spaces, instead they are gained through more immersive, holistic experience. This can present particular challenges in obtaining informed consent from participants. As Bryman observes, the principle of informed consent is that participants should have sufficient information about the research to make an informed choice about whether or not to participate (Bryman, 2004: 540). Throughout this study I sought to be transparent, and ensure that I both provided such information, and created space for questions and concerns to be raised, enabling informed consent to be obtained, or for individuals to exclude themselves from the study. When first making contact with staff from a new Cloud Loan branch office, or another external agency, for example, I would set out a clear summary of my research and my reasons for approaching that team or individual. On arriving in a new location, I would similarly seek to introduce myself, either collectively at a staff meeting, or individually to members of the team, again reiterating my objectives, and inviting questions or further clarification. Throughout my research, I also maintained a profile page on the University of Edinburgh website, allowing anyone with an interest to access information about who I am, and what research interests I am pursuing.

I was conscious, however, of the limits of that informed consent, particularly when travelling between formal and informal contexts. While my interest was in the professional lives of Cloud Loan employees, the boundaries between professional and personal contexts and interactions were not always clear. During my time at the African Head Quarters, for example, I shared accommodation with visiting and resident members of Cloud Loan staff. As such, my engagement with these individuals would continue beyond the office, over dinner in the accommodation, for example, or travelling to and from work. Spending extended periods of time in various locations, I also formed friendships with staff members, visiting their homes for meals, or going to local bars and restaurants. While such interactions were never intended to 'catch people out', the more informal setting would often lead to more candid reflections on issues that we had discussed previously, and on numerous occasions, issues that became valuable lines of future inquiry. This presented an ethical quandary, with one solution being to restrict my data to the information obtained in purely formal settings. To exclude data in this way, however, would have been to ignore valuable insight and reflections. Furthermore, to completely exclude such insights would also have been impossible, as the iterative nature of this research meant that all information received influenced my future lines of inquiry, and the way in which I analysed and considered data. My solution was therefore to anonymise individuals, with all names of Cloud Loan staff members having been changed in this text. In so doing, I was able to ensure that participants felt more comfortable and secure in such interactions, and also that they were protected if they disclosed controversial information or opinions.

Simply changing the names of individuals, however, could only be a partial means of achieving these ambitions. As previously outlined, a major contribution of this study is that it offers a rare investigation into accountability in a specific context. As such, a degree of specificity is required, as the location of observations and sources of comments lend much to their meaning. For the majority of readers, it is the position or location of an individual within the organisation that will be more of an identifier than their name, therefore by anonymising the wider organisation I have been able to enhance the protection to individual participants, and balance this protection with the specificity that enriches the research and findings.

Continuing the theme of informed consent, I have also excluded the names of clients and credit groups from this text. When accessing clients, engaging the judgement of loan officers was essential. In one instance, for example, a loan officer explained to me that he expected the meeting with a particular group to be difficult: a member of the group had passed away suddenly, and this was to be the officer's first interaction with the members since hearing the news. As such, we agreed that my presence at this meeting would be an unnecessary burden for both the clients and the loan officer, and I made alternative plans. More generally, when accompanying loan officers to client meetings, I would always introduce myself to those in attendance, and seek the permission of the chair to observe proceedings. Despite my best efforts, my Chichewa did not extend beyond basic greetings, meaning that I was reliant on others to inform non-English speaking clients of who I was or why I was there. As such, I could not guarantee that the message had been conveyed as I would wish, or how well it had been understood. As a result, I have chosen not to use the names or images of clients and groups, and this concern also contributed to my decision to anonymise the organisation more generally.

A further consideration around anonymity presented itself in the analysis and writing stage of this study. While several examples of problematic and even harmful behaviours are recounted in these chapters, these should not obscure the commitment of the majority of Cloud Loan’s staff to achieving positive results for their clients that I witnessed across all locations visited.

International development is a complex and challenging area of work, yet in the UK and beyond there is a climate where tolerance of failure by NGOs, and other development actors, is extremely limited. The same climate has encouraged an increasingly competitive funding environment, where concerns around performance can be quickly be translated into financial penalties. While, as previously outlined, findings from case studies such as this one should not be generalised, it was my impression that the issues raised in the context of Cloud Loan's work are not unique to this organisation. As such, I would not want to single the organisation out for particular criticism.

I selected the pseudonym of Cloud Loan at the end of this research, and at a late stage in writing this thesis. The process of selection proved to be a valuable opportunity to think holistically on what I had learned about, and how I considered, this organisation that I had been engaged so closely with. Various options were considered and rejected, as they pre-empted or contradicted themes in this research, but the suggestion of Cloud Loan resonated with the ideas that had made this research interesting to me in the first place, capturing the opacity of the organisation, and the difficulty an onlooker has in seeing beyond the outside image, into what it holds inside. It is seeking to expose and understand what is hidden that is the purpose of this research.

Overview of the Thesis

As previously raised, the central question that I sought to answer in this research was, 'How is accountability manifested and enacted in microfinance organisations?'. To help structure my research and analysis, I developed three sub-questions, namely, for what are Cloud Loan accountable, to whom, and how? I have also used these questions, as I describe here, to structure this thesis.

The first of my sub-questions is, 'For what is Cloud Loan accountable?'. As was raised in the preceding discussion, accountability has frequently been proposed as a means of ensuring that organisations do what they say they are doing. As such, Chapters 4 and 5 will consider what it is that Cloud Loan say that they are doing, and reflect on the means by which they seek to hold themselves accountable for achievements in these fields. From my time with the organisation, and a review of their literature and promotional materials, two core ambitions emerged: to support the creation and development of micro and small businesses, and to reduce poverty in Malawi.

Taking each of these subjects in turn, Chapter 4 considers the objective of business creation and development. Building such profit making enterprises is at the heart of the microfinance narrative, and it is with the aim of achieving this objective that Cloud Loan has developed a programme of client training. In considering this training, however, concerns around whether the organisation is accountable to its clients, a subject that will be explored more fully in Chapter 8, are introduced. It is observed that clients have very limited scope to request particular support or guidance from the organisation. Instead, loan officers, with varying levels of skills and expertise, deliver a curriculum that has been created by Head Office, and there is little evidence to show the impact of this training. Furthermore, I observe that, with certain exceptions, Cloud Loan does not show a strong interest in how clients use their loans, or the nature of their businesses, all of which leads me to argue that, despite the rhetoric, this is an area of work that is valued more for its appeal to donors and supporters, than integral to operations.

In Chapter 5, I explore Cloud Loan's ambitions around poverty reduction, through close examination of the organisation's primary monitoring and evaluation tool, the Progress out of Poverty Index (PPI). In this chapter, I raise issues that affect the quality of data collected through this mechanism, such as a lack of understanding on the part of implementing staff over the purpose of the tool, and wider fears and concerns which may inhibit clients from disclosing full and accurate information. Despite there being weaknesses and gaps in this data, which is the primary means by which the organisation seeks to demonstrate its impact on reducing poverty, I observe that this does not appear to have affected the support that the organisation receives from donors and supporters, and suggest that it is being able to say that a tool or process is in place which satisfies demands for accountability, rather than the quality or value of evidence or engagement that it provides.

Chapters 6, 7, and 8 move on to the question of, 'To whom are Cloud Loan accountable?' International development interventions entail the coming together of multiple actors, including branch offices, corporate donors, national and international governments, and local communities. In such complexity, when there is discussion of an organisation being accountable, it must be asked, to whom? In Chapter 3, I propose that relationships can be considered to fall into three broad categories: internal, upward and downward. Over three chapters I will therefore consider how Cloud Loan seeks to be accountable to constituents in each of these three groups.

Chapter 6 explores the concept of internal accountability, or the relationships between groups and individuals within Cloud Loan. In this discussion, I explore formal systems of management, including how staff are held accountable for their actions and performance through a set of KPIs. In this discussion I note that they are indicative of attempts on the part of Cloud Loan's centralised leadership to exert control over devolved functions, and are widely interpreted by branch staff as signs of the leadership's lack of trust in loan officers. Resentment at these mechanisms, I explore, is part of a larger problem of poor relationships and communication within the organisation, and through examination of Cloud Loan's Farming Loans initiative, I argue that these poor relationships, and hierarchical structure, are impeding both the effectiveness of the organisation, and their ability to be accountable to external actors.

Chapter 7 moves on to consider upward accountability. It is this form of accountability that is most prevalent in the literature on accountability, encompassing as it does ideas of reporting to donors, regulators, and other powerful actors. In considering such relationships, this chapter focuses on a particular form of interaction with financial supporters that has come to be characteristic of microfinance: online lending platforms. This chapter considers the ways in which microfinance organisations use their clients' images and stories to communicate their work to external audiences, and solicit funding. Particular concerns are raised over the ethics of these activities, and whether clients are giving their informed consent for their information to be used in this way. I also raise that the apparent simplicity of donors offering support to particular entrepreneurs obscures the reality of how funds are used, and question whether such platforms see microfinance organisations conforming to an expected story, rather than giving their supporters genuine information. Building on arguments raised in previous chapters, I observe once again that a discrepancy exists between the image or brand presented by Cloud Loan, and the reality of their operations.

Chapter 8 explores the final of these three groups, considering downward accountability, or how the organisation holds itself accountable to its clients. In this chapter I discuss Cloud Loan's Hotline, a phone line established by the organisation as a means by clients can raise concerns, questions or complaints directly with Head Office. In considering this service, I note that despite its status as Cloud Loan's primary mechanism of downward accountability, it is little used, and has not captured major issues such as fraud and corruption. Furthermore, I observe that the tool has not been prioritised internally, with feedback not being considered, and the service itself being under resourced. I propose that it has been developed not as a means of downward accountability, but as a means of complying with the demands of the Government regulator. As such, it can be considered an investment in this upwards relationship rather than downwards relationships with clients.

Across this piece, I also seek to answer my third sub-question of, 'How do Cloud Loan seek to be accountable?' In each chapter I focus my analysis and discussion around particular artefacts of accountability which emerged in my research as a significant, or sometimes the only, means by which the organisation sought to be accountable for a particular achievement or to a particular group. Across these chapters, therefore insight into the tools and processes of accountability in microfinance can be gleaned.

In Chapter 9 I return to my research questions, and in my conclusion draw together what I have learned about how accountability is manifested and enacted in microfinance organisations.

Chapter 2: Introducing Cloud Loan

Introduction

As described in the previous chapter, the mode of enquiry that I adopted for this research was examination of a case study microfinance organisation in Malawi, which I have anonymised in this thesis as Cloud Loan. While over the course of the following chapters I will introduce various dimensions of Cloud Loan's work, in this chapter I present an overview of the organisation's structure and operations, providing context for later observations and discussion. Cloud Loan's first, and most established, country of operation was Malawi, and as such, it was here that I focused my research. As such, in this chapter I also present an overview of the emergence and evolution of Malawi's microfinance sector.

Cloud Loan

Working across three African countries, with plans to expand further in the coming years, Cloud Loan is a microfinance organisation that was founded, and registered as a charity, in London in 2002. Beginning operations in Malawi the same year, Cloud Loan is one of 10 'Non-Deposit Taking Microfinance Institutions', licensed by the Reserve Bank to operate in the country. Since this date, Cloud Loan report that they have helped over 150,000 women, disbursing over £25 million through more than 370,000 loans[8]. Malawi was where the organisation first began international operations, and continues to account for the majority of the organisation's work, making it a valuable location for in-depth study into Cloud Loan. Furthermore, as the following section describes, it is a country where NGOs play a particularly significant role in the delivery of international development initiatives, with international donors such as DFID choosing to work directly with such organisations, rather than through Government support. As such, increasing understanding of the real world of NGOs in Malawi is a further contribution of this study.

[8] Cloud Loan Website (Cloud Loan Source 2.1)

Microfinance in Malawi

A small, landlocked country in south-east Africa, Malawi is one of the most densely populated countries in the continent, with a growing population that reached18 million in 2018, and is expected to reach 30 million by 2030 (DFID, ND). While frequently described as one of the poorest countries in the world, progress against a number of demographic indicators and poverty metrics has been observed in recent years. Between 1990 and 2016, for example, life expectancy at birth increased by 16 years, from 47 to 63, and in the same period, the primary school completion rate rose from 29% to 79% (World Bank, 2016). Despite such progress, however, the UN continues to categorise Malawi as 'low' on the Human Development Index, and in 2016 the country was ranked 170, out of 188, with over 70% of the population thought to be living below the poverty line[9] (UNDP, 2016).

Agriculture

With approximately 84% of the population living in rural areas (World Bank, 2016), the agricultural sector forms the backbone of the country's economy. Activities are undertaken at a range of scales, from large commercial enterprises through to subsistence farming, and the sector accounts for 70% of total employment in the country (World Bank, 2017). Since its days as a British protectorate, agriculture has been a particular focus for interventions aimed at promoting economic development, with a number of cash crops being introduced by early missionaries and settlers, to varying degrees of success. Morton (1975) documents the importance of tobacco, cotton, and tea to the country's economy since the 1900s, and tobacco in particular continues to play a significant role in Malawi's economy. Accounting for approximately 55% of the country's total exports, Malawi is one of the largest producers of tobacco in the world. Such reliance, however, brings with it vulnerability, as the country's economy is sensitive to both changes in the global market for crops, and to climatic conditions affecting yields (FAO, 2003). Volatility in the agricultural sector more widely also exacerbates issues of poverty, with crop failures creating periods of

[9] Population living below income poverty line, PPP $1.90 a day (UNDP, 2016).

food insecurity, and diverting the attention of local and international development actors away from long term development initiatives, with the need to provide emergency support.

International Relationships

Malawi's political past is mirrored in its current international relationships. Hastings Banda became Prime Minister of Malawi in 1963, and oversaw the country as it gained independence from Britain in 1964. The two countries, however, maintained close links, and Malawi continued to be heavily reliant on foreign aid, with receipts from Britain alone representing approximately half of all government spending in the years immediately following independence. The country's first, post-independence, multi-party elections in 1994 saw the arrival of President Bakili Muluzi. In the same period, concerns about inefficiency, poor management practices and corruption were also being widely voiced, with the Malawian Government accruing debt at such a rate that in the early 2000s, interest payments vastly exceeded spending on areas such as education and health. Such concerns have continued to this day. The so called 'Cashgate' scandal during President Joyce Banda's time in office was a major theme in the country's 2014 general election, and led to the most recent international suspension of government support in 2013. As DFID articulated in their 2017 country report,

> "We work with government, and in support of national priorities, but do not currently plan to provide direct support through government financial systems" (DFID, 2017: 2).

Agricultural Credit and MSEs

Given the historic and continuing significance of agriculture in Malawi's economy, it is unsurprising that the roots of Malawi's microfinance sector can be found in the form of agricultural credit initiatives, most notably, the Smallholder Agricultural Credit Administration (SACA). Launched in the 1970s, SACA was a department of the Government of Malawi's Ministry of Agriculture, and a manifestation of the country's post-independence, interventionist approach to development. Through this state-run entity, small, subsidised loans were made available to farmers, at the discretion of Government agents, with

Kumwenda & Madola, (2005) being among those to observe that interventions were largely supply rather than demand led. Criticisms of such dynamics, and the inefficiencies and expense entailed therein, were reflected in the drive for market liberalisation that built up momentum in the 1980s. The early 1990s also saw the Government start to scale back its role as a direct provider of loans, and begin a transition that continues through to present day, of redirecting its efforts to be that of an enabler and supporter of credit services, rather than a direct provider.

The political change brought about by the 1994 elections resulted in deliberate efforts to speed-up these emerging processes of market liberalization, creating an environment that saw both growth and diversification in the Malawian microfinance sector. Participation in informal employment was then, and continues to be, high, with farmers establishing micro-enterprises alongside their agricultural work, and those affected by high levels of unemployment in the formal sector similarly establishing their own ventures. A national baseline survey on micro and small enterprises (MSEs), undertaken on behalf of DFID in 2000, raised the importance of MSEs to the national economy, estimating that there were at the time some 747,000 MSEs employing around 1.7 million people across Malawi (NSO, 2000). Responding to this growth, the microfinance sector of the late 1990s and early 2000s increasingly began to offer micro-loans for business use, as well as to support agricultural extension. To give a sense of scale of these MSEs, Luboyeski *et al* (2004) report that the annual turnover of 71% of such enterprises was less than 50,000MWK, $833 US at the time of the survey. Orr & Orr (2002) similarly observe that 90% of these MSEs employed four or fewer people, including the owner of the business.

Microfinance Legislation and Regulation

In April 2002, Malawi's 'Poverty Reduction Strategy Paper' (PRSP) was launched, featuring ambitions to further expand the country's microfinance sector, attract greater international donor support for MFIs, and develop a regulatory system to provide oversight of the sector's activities (IMF, 2002). The same year saw the first legislation to progress these ambitions, in the form of the 'Microfinance Policy and Action Plan', with its previously articulated ambition of reducing poverty in Malawi by encouraging income generation and employment creation through increasing the access to credit and other financial services (Government of Malawi, 2002: 2). Despite this enthusiasm, Kalanda (2006) observes that following the approval of the Plan in 2002, action to take forward its ambitions was slow.

By 2010, the microfinance sector in Malawi incorporated NGOs, private moneylenders, government run and parastatal agencies, commercial banks, and cooperatives (RBM, 2015: 15), with the World Bank estimating that the country's MFIs had a total loan book of 12 billion MWK, and were reaching close to half a million borrowers (World Bank, 2012a: 43). New agencies were entering the market, and existing MFIs continued to expand both the geographical reach of their operations, and the range of services provided. Despite such growth, little achievement against the 2002 ambitions of enhancing regulation and gaining strategic oversight of operations had been achieved. The form of regulation that potential and established MFIs faced at this time was guided more by the nature of the enterprise than the activities that they were undertaking, with NGOs and parastatals, for example, facing quite different requirements and limitations. Under this haphazard approach, no one entity had oversight across the sector. The Reserve Bank of Malawi, the country's Central Bank, and agency with responsibility for oversight and governance of the financial sector, had no formal interaction with the majority of MFIs operating in the country. Commenting on this situation, the Bank reflected that,

> "This regulatory environment continued to create unlevel [sic] playing field to the different categories of microfinance services providers ... Banks with microfinance operations remained the only category subject to prudential supervision" (RBM, 2010: 15)

That same year, however, saw a major step forward in this regard, with the passing of the 2010 Microfinance Act, described as,

> "An Act to provide for the regulation and supervision of microfinance services and to make provision for matters connected therewith or incidental thereto" (GoM, 2010: 4)

The substance of this act was to establish categories and processes for registration and licensing of microfinance institutions. A license to operate, the

Reserve Bank explained, would only be granted if MFIs were able to prove compliance with required standards of governance and financial management, through periodic reporting and inspection (RBM, 2010: 20).

The 2010 Act, however, offered little specificity on these requirements, with the Reserve Bank instead commenting that registration and licensing would not begin immediately, and that work to develop specific guidance would begin in 2011. 2012 saw progress in this area, with the release of directives setting out information on matters such as the requirements and application process for licensing, expectations of conduct, and reporting requirements (GoM, 2012a). These requirements are discussed further in Chapter 8, with a particular focus on issues around client protection.

When, as part of this research, I met with a civil servant[10] in the Government of Malawi's Ministry of Finance, he explained that the regulatory framework had been kept "intentionally light", so as to minimise barriers to entry for new actors coming in to the sector. This is reflective of the Government's continued support for microfinance, and a belief that the benefits of encouraging growth and expansion outweigh the potential risks of such loose oversight. As such, MFIs have significant freedom to operate how and where they wish. Furthermore, regulation and oversight are managed centrally, from the Bank's Blantyre and Lilongwe offices, with no role for regional actors, such as local government. One manifestation of this is that while capacity for the sector to further expand has been identified at the national level, certain areas are saturated, while others remain under-served. In the outskirts of Malawi's cities and towns, concentrated pockets of microfinance activity have emerged. In such areas, MFIs can attract large numbers of clients in close proximity to one another. This offers a financial advantage to MFIs, as loan officers' 'unproductive' travel time is reduced, and they are able to increase their client numbers more easily than their rurally focused counterparts. Such operational advantages, however, do not necessarily correlate with need, and this dynamic exposes a tension central to criticisms of microfinance, namely whether the

[10] Golden Nyasulu, Principle Economist in the Government of Malawi's Ministry of Finance, Economic Planning and Development

sector is more motivated by issues of financial efficiency than poverty outreach. This is a subject that will be explored more fully in the following literature review, and in subsequent chapters.

The Sector Today

At the time that this research began, 27 licensed and registered MFIs were operating in Malawi, with a collective loan book worth 27.9 billion MWK (RBM, 2015: 49). The sector showed strong growth, with the loan book having been valued by the Reserve Bank at 9.3 billion MWK only one year previously. The number of clients accessing loans through MFIs was also continuing to grow. In a 2014 study on behalf of the Reserve Bank of Malawi, Chirwa & Mvula found that 4.9% of the population of Malawi, some 833,000 people[11], had accessed credit from an MFI some at some point in the last five years, in comparison to 1.27% who had accessed formal credit, (Chirwa & Mvula, 2014: 45). By 2015, the Bank reported that the number of active clients had reached 1,296,640 (RBM, 2015: 50), outpacing the rate of population growth in the country.

Cloud Loan Operations and Structures

Group Lending

While a diversity of organisations and practices constitute the microfinance sector, both globally and within Malawi, MacPherson *et al* (2015) observe that a number of common characteristics can frequently be observed across microfinance programmes, particularly those run by NGOs. These are observable too in Cloud Loan. The first of these characteristics is that loans are granted to groups rather than individuals. This was a policy of the influential Grameen Bank, and is regarded within Cloud Loan as a means of balancing outreach with risk. While multiple factors contribute to the exclusion of prospective microfinance clients from commercial banks and financial organisations, among the greatest is the risk that they pose for the lender: if a borrower does not have assets to put up as collateral against a loan, then the lender has no protection if that borrower defaults. The joint and several liability

[11] Based on a population size of 17 million in 2014 (World Bank, 2016)

model of group lending offers an alternative means of security for the lender, as should one individual client default on their loan, the group to which they belong undertakes to make up that shortfall. Furthermore, the knowledge that failing to repay a loan will result in an additional burden landing on friends and neighbours is thought to act as a form of social pressure, encouraging the high repayment rates observed within Cloud Loan, and MFIs more widely. As will be raised in Chapter 5, however, there are concerns across the sector about how such pressure may manifest in harmful behaviours, such as undue pressure being placed on clients, or defaulters having their possessions seized, by fellow group members.

At Cloud Loan, groups are self-forming. Staff from local branches will visit communities to promote the organisation, and discuss with prospective clients how the service works, and what they can offer. From there, those who are interested in taking a loan are encouraged to join with family members and neighbours, and approach Cloud Loan as a fully formed group. In line with the principles of group lending, Cloud Loan state that this approach means that clients will only bear the risk of liability for repayments of those they choose and trust. Over successive loan cycles, it is common for membership to change, with individuals leaving, either by their own volition or the will of the group, and new members joining. Commonly, Cloud Loan credit groups are of between 15 and 20 members, though increasingly the organisation is encouraging larger groups, as a means of improving the efficiency of field operations: fewer, larger groups require less loan officer time, and fewer miles travelled, reducing two of the organisations major operational costs of staff salaries and fuel. The issue of cost savings is one that will emerge throughout this thesis, particularly in Chapters 3, 6 and 8, where it will be questioned whether aspirations of financial sustainability are overshadowing accountability to clients, and to the achievement of social impact.

Repayment

The second common characteristic that MacPherson *et al* describe is that the period of the loan is often short, with repayments starting quickly after the loan is disbursed. Cloud Loan offers a range of loan products, which can broadly be divided into two categories. The first are what are referred to here as Normal Loans. These normal loans refer to products where money is lent to clients for them to use as they wish. Ostensibly this is for the client to establish or expand a business of their choosing, though as Chapter 4 raises, checks on how such loans are actually utilised are limited. The second category of products are Venture Loans. Through these loans, Cloud Loan will, often working with a partner organisation, offer clients the inputs to establish a specific venture, such as fish farming, or agriculture, with sums equal to the value of these inputs being repayable to Cloud Loan. These venture loans will be discussed more fully in Chapter 5. The precise duration and repayment arrangements for Cloud Loan clients varies by loan type, but all loans are repayable over periods of two to twelve months. The majority of clients hold a Standard Loan, a normal loan product which requires fortnightly repayments over a four-month period, beginning two weeks after the loan is disbursed. While groups share collective responsibility for repayment of loans, individual clients within each group are free to apply for loans of varying sizes, depending on their needs. These loans can be of up to 30,000MWK (£36)[12] for new clients, or 180,000MWK (£214) for returning clients whom branch staff deem capable of managing a larger sum. In all cases, repayments are made through a local, commercial bank. At the fortnightly repayment meeting, the group will gather, bringing with them the money for their repayment contribution. Under the oversight of the loan officer, office bearers elected by the group from within their own membership, will pull together these contributions, making note of each individual contribution, and checking that all members have paid their share. As part of the loan agreement, clients also undertake to make regular savings deposits, alongside their loan repayments. This is a practice that Cloud Loan promote as a means of supporting clients to improve their financial management skills, and to make the impacts of increased profits through business expansion more sustainable. Records are similarly made of individual clients' savings deposits, and all cash is then gathered by a member of the group who will travel to the designated local bank branch. At no point should the loan officer, or any other member of Cloud

[12] All currency conversions in this thesis are made at 2015 rate of 842 Malawian Kwacha (MWK) to the pound, unless otherwise stated.

Loan staff, handle cash directly. Having deposited the repayment and savings contributions at the bank, the group member receives a deposit slip, which they will then deliver to their local Cloud Loan branch office. For some groups, both journeys are short and easy, though for other more remote clients, this is a more significant undertaking, and one that is frequently made more difficult by unexpected early bank closures and travel disruptions.

In addition to overseeing clients' loan repayments at these meetings, the loan officer will also deliver training for the attending clients. These centrally crafted modules cover a range of subjects around financial management and business development, and are discussed in greater detail in Chapter 4.

Graduation

A further common trait, identified by MacPherson *et al,* and observed in Cloud Loan, is the potential for clients to graduate to larger loans. It is the norm within Cloud Loan that having completed a loan cycle, the group will return to the organisation for another loan. The CEO and Founder of Cloud Loan describes that such returns are encouraged due to the belief that each loan cycle will bring about a deeper level of impact for participating clients, and their families. As previously described, at the discretion of branch staff, clients who have proved themselves capable of managing a preliminary loan are invited to apply for larger loans in subsequent lending cycles. Beyond this, other normal loan products are also available. Some branches, for example, offer smaller loans of no more than 25,000MKW (£30), repayable on a weekly basis over a period of two months, for clients who staff consider unable to manage the larger, standard loan. The intention is that through these smaller loans, clients will build both their business and financial management skills, enabling them to graduate to the standard product. Similarly, for clients who are considered to have excelled in their use and management of standard loans, larger normal loans are available. These loans, repayable in monthly instalments over the course of a year, can be for up to 350,000MWK (£416). Such loans are described by Cloud Loan as being a bridge between microfinance and commercial finance, helping clients to build their enterprise to the point where they are an attractive and secure proposition for mainstream banks.

Lending to Women

Globally, the majority of microfinance clients are women (BNP Paribas, 2017), and this is also true of Cloud Loan's client base. This again echoes the principles of the Grameen Bank, with the CEO and Founder of Cloud Loan explaining that, like Yunus, he believes that not only are women more reliable clients, but also that they are the most effective 'change agents' within their communities, reflecting a feeling common in the sector that women are more likely than men to use funds for the betterment of their families and communities (MacPherson *et al*, 2015).

The Micro and Small Enterprise (MSE) sector is one that has been identified by the Government of Malawi, and other global actors, as having the potential to be a major engine for economic growth in the country (GoM, 2002b), and it is also a sector where women in Malawi are recognised to be playing an increasingly significant role[13]. Chirwa (2008) similarly emphasises the contribution that women in Malawi can and do make to the incomes of their households, but goes on to note that their ventures have long been limited by factors including inequality of opportunity, and lesser access to productive resources and capital. Microfinance is presented by agencies such as Cloud Loan as being a means by which such inequalities can be addressed. Despite domestic and international efforts, however, the Reserve Bank of Malawi reported that in 2015 women accounted for only 44.2% of the country's microfinance clients (RBM, 2015: 50), showing that despite these targeted interventions, inequality persists.

As Johnson (2005) observes, while the microfinance sector is highly gendered, as a result of this focus on lending to women, relatively little gender analysis has been done. Without an understanding of the dynamic relationships and contexts in which women find themselves, she continues, interventions are liable to be less effective, or inappropriate. Chirwa (2008) also emphasises that to maximise the benefits of microfinance for women in Malawi, products must be tailored. In his study on the effects of gender on the performance of MSEs,

[13] I explore the Malawian MSE sector more fully in Chapter 4

Chirwa goes on to note differences in the nature of female versus male owned MSEs, and their differing sensitivity to various circumstances and forms of support. He notes, for example, a tendency for female led enterprises to be home-based, and often less profitable than male-led businesses, more commonly strategically located in higher-demand areas. This, he continues, is motivated by various factors. As Davison (1993) describes, in the Southern Region, this decision can be symptomatic of a desire to maintain traditions of 'banja' production. More broadly Chirwa (2008) notes that it may be driven by gender disparities in education, and women being unaware of what other business opportunities are available, or how to pursue them. Understanding the specific motivations and circumstances of clients can therefore support tailored, impactful interventions. As Johnson (2005) notes, and I go on to observe in this thesis, however, relatively little is known by Malawian MFIs generally, or Cloud Loan specifically, of the preferences and circumstances of their clients, who have little voice in the way that loans and service are designed and delivered.

Across Malawi, gender norms, and the relationships between men and women, vary. In the Southern Region, for example, many communities still adhere to matrilineal traditions, whereby husbands move to their wives' villages after marriage, and rites to land are passed down through the female line. Here too, however, women find themselves subject to male gatekeepers, with assets commonly controlled by maternal uncles (Phiri, 1983). Conroy (2014) similarly observes that women's autonomy to pursue economic activity, as well as to make decisions about their personal relationships and family lives, differs widely across the country, and within and between communities, further emphasising the importance of specific, contextual understanding in the design of interventions.

While all of Cloud Loan's normal loans are granted only to women, men are eligible for certain venture loans. In the southern region of Malawi, for example, Cloud Loan offers loans in the form of inputs to support the establishment of fish farming businesses. At the recommendation of the technical partner for this programme, these loans were also offered to men: As one branch manager described to me, the organisation knew that husbands and wives would likely work on this venture together, so they preferred to leave it to individuals to decide which of them should formally be the client. More broadly, however, men feature prominently in the work of Cloud Loan. On entering a new community, for example, the organisation seeks the approval of the village's Head Man before any groups are formed. While only named clients participate in repayment meetings and training activities, it was also not uncommon for the circle of clients to be surrounded by an outer circle of husbands and other male relatives, to whom the women would refer in answering certain questions. These men, however, are all but invisible from Cloud Loan's literature and promotional materials. Instead, it is the previously described approach of the Grameen Bank with their focus on women that is central to the organisation's brand.

Within the organisation too, a gender imbalance is observed. The CEO and Founder is male, as are all three country managers. In Malawi, all but one of the senior management team are men, the majority of branch managers are male, and in every branch that I visited, the majority of loan officers were also male. As such, while women are the majority recipients, the service that they receive is shaped by, and accessed through, men: The pattern of men asserting control over the economic activities of women, observed by the likes of Conroy (2014) is therefore consciously or otherwise being replicated in Cloud Loan's operations.

Interest Rates

Across all these products, the rate of interest applied to loans is 20%, with the exception of a particular group of clients discussed in Chapter 7, who pay a reduced rate of 12% interest, in compliance with the requirements of an external funder. The total interest due is calculated for each client at the start of the loan, with the sum being evenly divided across all repayments. Towards the end of the period of research for this study, this practice was under review following guidance from the Reserve Bank of Malawi that MFIs should adopt a declining balance approach, where, while the same sum would eventually be repaid, individual instalments would reduce over the course of the loan. This move met with resistance from Cloud Loan and other MFIs on the grounds that constantly changing repayments could be confusing to clients. At 20%, Cloud Loan is one of the cheaper MFIs currently operating in Malawi. A concern raised throughout this piece is that there is a lack of transparency in the sector's operations, and a manifestation of this is that no organisations make their rates easily available to the public. Nowhere in Cloud Loan supporter facing literature, for example, can details of interest rates be found, with this being described by Cloud Loan staff members as commercially sensitive information. This was a situation and sentiment reflected in and by other MFIs with whom I met in this study, as I was unable to find details of interest rates in any publically available on or offline material produced by MFIs. In an interview with the CEO of another Malawian MFI in Lilongwe, I posed the question of what interest rate they charged three times before it was begrudgingly revealed that the average rate across the organisations five different loan products was 45%. A 2012 World Bank report similarly raises that in Malawi payroll lenders continue to be regarded as microfinance institutions, and even with their relatively more reliable and less risky means of loan repayment, clients will frequently pay in the region of 30% interest per month, plus any additional charges required by the lender (World Bank, 2012a: 43). Cloud Loan's rate is also competitive when compared to formal lending institutions, with the central bank base rate sitting at around 25% over the period of this fieldwork[14].

Funding

This competitive rate is in large part enabled by the way in which Cloud Loan is funded. While larger MFIs, such as the South African MFI SEF, frequently borrow from commercial lenders to fund their loan book, and therefore have to recoup interest on these loans from clients, this practice has so far been resisted by Cloud Loan. In 2015, a little over 40% of Cloud Loan's global income came from interest on repaid loans, the most significant single source of income. A further 36% came from grant making trusts and institutional donors, such as DFID and the Scottish Government, and from online lending platforms, such as those I explore in Chapter 7. 15% came from individual donations and the revenue from community fundraising events, and 4% came from corporate

[14] Fieldwork for this research was undertaken in 2014 and 2015. During this period, the Bank Rate in Malawi was between 24-25%. Full details on RBM interest rates can be found at: https://www.rbm.mw/Statistics/BankRates

supporters and other institutions. The remainder was generated through miscellaneous in-country grants. Generating income from such sources, however, also incurred costs for Cloud Loan, which were passed-on to clients through interest rate charges. In 2015, the cost of fundraising activities equated to 18% of the organisation's total income in that year, with returns being more unpredictable than commercial borrowing. If a major community fundraising event fails to attract crowds and donations of the hoped-for size, for example, this can have a significant effect on income and wider operations. Funds from institutional donors also bring with them reporting and other administrative requirements that can necessitate designated staff capacity. Such demands are reflected in Cloud Loan's staffing structure, with the fundraising team composing approximately half of the organisation's UK workforce. Furthermore, more than a third of Cloud Loan's annual income is classed as 'restricted', meaning that the organisation has limited scope to deviate from priorities agreed with donors, and respond to changing circumstances.

Staff and Structure

As has been previously raised, an influential factor in the decision to focus this research on one case study was the internal structure of the organisation. Cloud Loan's sprawling footprint sees the organisation's 161 employees[15] working across three broad locations: London Head Office, the African Head Quarters, and in the field.

The last of these is the most expansive, describing not one single location, but the hundreds of individual communities where Cloud Loan's interactions with their clients occur. In Malawi, Cloud Loan's services are delivered through 16 branches[16] located across the northern, central and southern regions of the country. Each branch office is home to a local team of four or five loan officers, under the leadership of a branch manager. Clients interact near exclusively with one specific loan officer from their local branch, who will take responsibility for all corporate processes pertaining to the group and their loans, and will travel to meet group in their own community for each repayment meeting.

[15] Charity Commission Records, 2016 (Cloud Loan Source 2.2)
[16] Cloud Loan Website (Cloud Loan Source 2.1)

Branch offices tend to be located on the edge of the largest city or town in the area that they serve. As Cloud Loan's client base are predominantly rural, this means that loan officers will often spend much of their working day out of the office, travelling by motorbike between their various groups. As part of process of reducing incidents of fraud in the field, in addition to the previously discussed filing of bank deposit slips, the whole group must also visit their local office once per loan cycle, so that the branch manager can verify details of the group's membership and loan.

As I introduced in Chapter 1, it was with the organisation's loan officers that I spent the majority of my time in Malawi. The officers whom I met, across all branches that I visited, were Malawian, and the majority had roots in the community where they were working. One officer in the Southern Region, for example, explained to me that she had applied for a job with Cloud Loan, as their devolved structure meant that she didn't have to move away from her family for work. In the Central Region, one of the loan officers whom I accompanied would similarly often wave to, or stop to speak with, people that we passed on the road on our way to meet clients, explaining that they were family members or old acquaintances. As I go on to explore in later chapters, such familiarity can bring benefits in terms of the efficacy of the organisation, but can also present particular challenges for combatting fraud.

Lipsky (1980) in his work on street-level bureaucrats, describes that front-line workers, such as loan officers, are often attracted to roles where they share a commitment to the vision and values of the employing organisation. Once in the role, however, they will often find themselves constrained by factors such as unmanageable caseloads and insufficient resources, resulting in their ambitions being disappointed. As I go on to describe in this thesis, these observations reflect the experiences of many loan officers with whom I engaged: while frequently demonstrating knowledge of, and commitment to, their clients, loan officers' work was heavily informed and controlled by organisational procedures and protocols, resulting, as I observe, in frustrations and inefficiencies.

One branch office that I visited[17] shared accommodation with Cloud Loan's African Head Quarters. It is here that the Malawian central management team, including the country CEO, Finance Manager, and Head of HR and Administration, are also based. Teams providing central functions are also located in these offices, including IT support, finance and purchasing, and the Social Performance Management team. There is limited physical interaction between staff based in Head Quarters and those in branch offices, as, with only a few exceptions, visits to the field are rare, and branch staff will usually only visit Head Quarters for training, if at all. While the African Head Quarters takes the lead on the day-to-day running of the organisation in Malawi, Cloud Loan's strategic hub remains in London. In 2015, ten staff members, and a handful of volunteers, were based in the Head Office, but its relatively small size belies its impact on operations and decisions across the organisation. Only two staff members in London have a specific operational focus, leading on, and supporting as they do Cloud Loan's work on social performance management, which will be introduced in Chapter 3. These staff members, however, play an influential role in shaping the way in which services are delivered in the field, including the design of loan products, and the development of client training modules. The dominant activity in this office is fundraising, with five of the office's ten staff members focused wholly on tasks such as managing existing funding relationships, planning and coordinating community fundraising events, and applying for funds from institutional donors. As will be discussed in Chapters 5 and 6 particularly, such work can mean that the fundraising team also play a significant role in shaping the agenda and priorities for the Head Quarters and branch offices.

Chapter Summary

While throughout this thesis, I will introduce and explore various dimensions of Cloud Loan's work and operations, to provide context for these discussions, I have, in this chapter, presented an overview of both Cloud Loan's background and operations, and the evolution of Malawi's microfinance sector. In so doing, I

[17] The First Central Region Branch

have introduced a number of key themes, which will re-emerge in later discussion. Cloud Loan's sprawling geography, for example, I discuss as being a contributing factor in the problems of poor internal communication, which I particularly address in Chapter 6. I have also here introduced the widespread support for, and promotion of, microfinance as a means of reducing poverty and encouraging development in Malawi. Throughout this thesis, I question the validity of these claims, and in the following chapter, I explore further these ambitions across the global microfinance sector.

Chapter 3: Accountability, and Microfinance

Introduction

Accountability, as I raised in Chapter 1, has become a prominent aspiration across international development, and wider public policy. This prominence, however, belies the contested, even contradictory, understandings and definitions of the term (Fox, 2007, Mulgan, 2000, Ebrahim, 2003). The purpose of this chapter is not to offer a comprehensive review of various perspectives on accountability, as several of the texts referred to in this chapter have already undertaken such a task. Ebrahim (2003), for example, explores legal and economic perspectives on accountability. Walsh (2014) similarly reviews various theoretical perspectives, considering accountability from a structuralist, institutionalist, and actor oriented-approach. As Fox (2015) argues, however, there is such complexity and diversity in the field of accountability that conventional frameworks are of limited value. Instead, he proposes that practical experience and consideration of specific, real-world examples should inform understanding (Fox, 2015: 347). This, as described in Chapter 1, is a belief that has also inspired this research. As such, I don't here seek to replicate the comprehensive presentation of such frameworks that others have undertaken. Instead, I offer an introduction to the key literature, ideas and debate around the two central themes of this research, accountability and microfinance, as a means of providing context and background for forthcoming chapters and discussion.

Starting first with the subject of accountability, I argue that what unites the diverse perspectives and interpretations of accountability is that they are fundamentally concerned with relationships and exchange. Building on this understanding, I go on to explore the three groupings of relationships around which I structured my analysis, and the presentation of findings in this thesis: Upwards Accountability, to donors and regulators; Downward Accountability, to beneficiaries and communities; and Internal Accountability, within the organisation.

In the second part of this chapter, I build on Chapter 2's discussion of the Malawian microfinance sector, to offer a more general introduction to microfinance. In particular, I reflect on a question that I later ask of Cloud Loan, and explore for what the global microfinance sector is accountable. In reviewing literature on microfinance as a tool for development, four key aspirations repeatedly recurred; to reduce poverty, to promote freedoms and empowerment, to support profit making enterprise, and to achieve financial self-sufficiency. I explore each of these themes in turn, introducing challenges and areas of debate and contention around these achievements, many of which I later raise in my examination of accountability in Cloud Loan.

Accountability: A Relational Concept

While its current prevalence in development discourse has been relatively recent (Mulgan, 2000), Day & Klein (1987) trace the concept of accountability back to ancient democracies, discussing the dual pillars of political and financial accountability: Elected leaders and state officials, the pair discuss, were held accountable through democratic means, for their decisions, and their management and use of collective and state resources. While these ideas of fiscal and legal accountability remain prominent (Crack, 2013a), Mulgan observes that "the concept of 'accountability' has lost some of its former straightforwardness and has come to require constant clarification and increasingly complex categorization" (Mulgan, 2000: 555). Across this complexity, however, what unites various conceptualisations of accountability is that they are fundamentally concerned with relationships (Jacobs & Wilford, 2010; Ebrahim, 2003; Unerman & O'Dwyer, 2006; Najam, 1996). Mulgan (2000) raises the centrality of relationships to understanding accountability, in his assertion that the defining characteristics of contemporary accountability is its concern with interaction and exchange, whereby one individual or body demands accountability from, or is held to account by, another. This view is echoed by Gray (2001) in his statement that being accountable is about, "identifying what one is responsible for and then providing information about that responsibility to those who have a right to that information" (Gray, 2001: 11). Cornwall *et al* (2000) take a broader view, but raise similar themes, in their understanding that accountability is not simply reactive, and instead actors should proactively seek to hold themselves accountable to others. In these few reflections, the complexity that Fox (2015) and Mulgan (2000) discuss can be seen, as while each are concerned with relationships and interactions, they offer different answers to the questions of to whom actors should seek to be accountable, how and for what. These are questions that this chapter will return to, and this thesis seeks to address.

As Ramalingham (2013) discusses at length, our world today is one of ever increasingly complexity and interconnectedness, where a variety of public, private and third sector organisations operate and interact within systems of delegated authority and collaboration. As Crack (2013b) discusses, since the Cold War, Governments have increasingly partnered with or contracted NGOs and others to deliver aid and relief programmes. Behind any one intervention, therefore, will be numerous actors, including groups and individuals whose lives and livelihoods will be affected by the intervention, those whose support and permission is necessary for work to be undertaken, and actors directly involved in delivery and operations (Gray *et al*, 1996; Unerman & O'Dwyer, 2006). As Hilhorst articulates, this diversity means that, "NGOs must answer for the quality and impact of their work in a range of different arenas" (Hilhorst, 2003: 125). Furthermore, as organisations themselves become larger and more complex, actors within those organisations are likely also to face internal accountability demands. This breadth of engagement makes the consideration and study of relationships vital in understanding development interventions. As Eyben (2006) argues, the quality of an organisation's internal and external relationships have a great influence on the effectiveness and impact of an organisation and their intervention, and Hilhorst (2003) similarly contends that it is accountability that promotes well-functioning, harmonious relationships.

Within this diversity of actors, their ability to demand accountability from one another varies significantly, commonly as a result of their differing abilities to withhold funding and permissions key to the undertaking and success of an intervention (Walsh, 2014). Similarly, in different relationships, subjects of interest will vary, as will the most appropriate mechanisms and processes of accountability. A regulator, for example, may seek assurance that certain safety standards are being met in the course of operations, or a donor may demand financial accounting for how funds have been used. Hilhorst (2003), however, cautions against restricting consideration of accountability to such formal mechanisms, encouraging examination of everyday interactions, within and between organisations and actors. In my time with Cloud Loan, I observed that relationships and interactions fell into three broad categories, and it is in this form that I present my findings in this thesis. The first of these groups concern relationships with influential actors, such as donors and regulators, commonly grouped under the label of Upwards Accountability. Secondly, I reflect on Cloud Loan's relationships with their clients, or beneficiaries; a set of relationships that fall under the heading of Downward Accountability. Thirdly, I consider Internal Accountability, or the accountability relationships within the organisation. In this next section I discuss some of the existing literature and thinking on each of these areas of accountability, but before proceeding, it is valuable to reflect on the language used. The 'Upwards' and 'Downward' labels are somewhat jarring, imbuing as they do a sense of superiority on the former group, and diminishing the latter. This is not how they are intended in their use here. I thought, in the process of this research, of coining different labels, but as these reflect the terms regularly used by practitioners (Fox, 2018; Jacobs & Wilford, 2010), I have retained them in this thesis, as a means of better situating this work in existing discourse.

Upwards Accountability

Edwards and Hulme define accountability as being "the means by which individuals and organisations report to a recognized authority, or authorities, and are held responsible for their actions" (Edwards & Hulme, 1995: 9). While this definition opens up further areas of ambiguity and debate around authority and legitimacy, it is one that reflects clearly the hierarchical nature of many writers' conceptualisations of accountability. It is this hierarchy that typifies upwards accountability. Gailmard (2012) and Ebrahim (2003) are among those who engage the Principal-Agent Model in seeking to describe such relationships. Here one actor – the Principal – provides inducements to other actors – the Agent(s) – to make decisions and pursue activities which further the agenda and priorities of the Principal. A common construct in the world of public policy, this conceptualisation has permeated much of the discourse and practice around accountability more widely. When examining different organisations, contexts, and interventions, the identity of the principal will similarly vary, and as Ebrahim (2003) raises, an individual NGO can find themselves taking on the role of either Principal or Agent. For example, an NGO may be accountable to a donor for the delivery of an agreed programme of work, but in delivering this work, they may, as described in the previous section, partner with or contract to other actors or agencies, who in turn find themselves accountable to the grant holder. Similarly, as I discuss in Chapter 6, such hierarchies can exist within an individual organisation.

At the core of this understanding of accountability is the ambition to make available an account of work to an actor removed from the direct site of operations and activity. In exploring this motivation, ideas of control and surveillance quickly come to the fore, leading Hilhorst (2003) to draw parallels with Foucault's discussion of the Panopticon. As a symbol of surveillance, the Panopticon is described as a structure where individual units are separated, and overlooked by an authority, remote from, and invisible to, the observed (Hilhorst, 2003; Foucault, 1995/1975). Such a symbol is useful in illustrating the unidirectional flow of information up to the Principal or Patron, common in models of upwards accountability, with its absence of interaction between, and feedback to, subordinate units. These are themes which resonate with discussions in later chapters, particularly those considering internal and upwards accountability in Cloud Loan.

Exploring hierarchical relationships in aid and development, Najam (1996) identifies that the power and resources of Principals, or Patrons, mean that without their support, work cannot be undertaken. This status, he continues, makes it unsurprising that NGOs will often prioritise accountability to these groups. Bongasu (2015) makes a similar observation in her reflections on accountability in microfinance, identifying that the adoption of private sector practices, by microfinance organisations and supporters, have also played a significant role in organisations' default prioritisation of the most powerful stakeholders, most closely connected to an intervention. Even within this elite group, however, inequality persists, with those offering financial support commonly enjoying the most attention. Sinclair, for example, labels microfinance as being a $100 billion industry, but one that we collectively "forgot to regulate" (Sinclair, 2012: 218). Drawing on Weber (1978), Hilhorst (2003) and Walsh (2014) both reflect that systems of accountability enable expectations to be codified, and responsibilities clearly defined. Such actions provide a common justification for the promotion and privileging of upwards accountability, as powerful actors, such as governments, who have ultimate responsibility for the welfare of citizens, can use regulatory systems to enshrine the rights of their citizens, and ensure adherence to standards and commitments. In contrast, however, raising deficiencies in regulation, many commentators return to the neoliberal ideology that underlies large parts of the microfinance sector, reflecting on expressed concerns that government intervention will interfere with the free market operations integral to the approach. Hartarska too raises concerns over national governments' attempt to regulate microfinance, observing that, in her research, she has found that audit and supervision of microfinance organisations by central bank authorities has little effect on the performance of those organisations (Hartarska, 2005: 1640). As I introduced in the previous chapter, a fledgling regulatory system has been established for the microfinance sector in Malawi, but, as will be explored and argued in later chapters, I observed the primacy of financial partners' interests and demands in shaping the work of Cloud Loan, and also the limited influence of the national regulator in Malawi.

Globally, various international initiatives have been established to compensate for perceived failings and weaknesses in national regulation of microfinance. The Smart Campaign, for example, was established by CGAP and Accion International, as a means of promoting ethical, transparent practice across the global microfinance sector which will, they claim, "help the microfinance industry remain both socially focused and financially sound" (The Smart Campaign, ND). The Campaign have sought to establish themselves as a kite mark for good practice in microfinance, and in so doing encourage accountability beyond financial arrangements. Chuck Waterfield, CEO of the now defunct 'Microfinance Transparency', however, talked of the Campaign in his address at the 2014 Microfinance Summit. In his speech, he raised the lack of verification, questioning whether signatories of the campaign were, in reality, adhering to the standards that it prescribed. In particular, he raised that one of the microfinance organisations proudly proclaiming its adherence was the recently disgraced Mexican MFI, 'Compartamos', whose actions differed widely from the Campaign's ideals (Militzer, 2014). Sinclair (2012) documents his engagement with another microfinance transparency initiative, Africa Microfinance Transparency (AMT). Seeking to raise concerns regarding the operations of an MFI with whom he was working, Sinclair approached AMT. Despite having his study and findings supported and verified by academics, including David Roodman, a former Senior Fellow at the Center for Global Development, and the issues raised in this study being documented in the popular press, AMT took no action, and the MFI's verification was not withdrawn. While such examples have led many to criticise the value of such initiatives, these issues also serve to reinforce the previous observations, that when an actor cannot threaten to withhold funds or essential permissions, their ability to encourage certain behaviours, and hold agencies accountable for their actions, is limited.

Downwards Accountability

A second distinct area of discourse around NGO accountability concerns relationships between NGOs and their beneficiaries, or the communities in whose name work is being undertaken. As the Humanitarian Accountability Partnership (HAP), now part of the CHS Alliance, describe,

> "Accountability has many meanings. Traditionally, it was understood as the way in which those who authorised others to act on their behalf made sure that authority was being used as agreed. Accountability is now more often understood to also be a right of anyone affected by the use of authority." (HAP, 2010: 1)

As this quote describes, downward accountability can be seen as an evolution in thinking on accountability, and the result of growing dissatisfaction with the prioritisation of donors, and the marginalisation of beneficiaries and their communities (Edwards & Hulme, 1996). Reflecting the previous discussion of upwards accountability, however, writing almost 20 years after Edwards & Hulme, Walsh observes that this imbalance persists, describing that, a "common thread in [accountability literature] is the view that accountability in NGOs is skewed towards donors and away from beneficiaries" (Walsh, 2014; 93). The Lord Ashdown led, DFID Humanitarian Emergency Response Review similarly acknowledges an ongoing deficit in downward accountability, stating that, "The people who are on the receiving end of our assistance are rarely if ever consulted on what they need, or able to choose who helps them or how" (Ashdown, 2011: 8).

Issues raised in the previous discussion on upwards accountability offer one explanation for this imbalance: The recipients of aid, or beneficiaries of interventions, rarely are in a position to withhold funding, or other vital permissions, without which the project could not proceed. Smith & Miller (2018) also raise the connection between upwards and downward accountability, observing that NGOs are facing ever greater demands from donors in terms of reporting and assessment, and with finite capacity and resources, servicing these demands can come at the direct cost of initiatives focused on beneficiaries. Bongasu (2015) similarly observes that mechanisms of accountability differ between the two groups. While the demands of donors tend to involve tangible, formal reporting, engagement with communities is more likely to take the form of conversation and the creation of ongoing opportunities for participation and feedback. As Civicus observe of accountability, "It is a process, and the result of a process, not an end in itself. It defines the quality of relationships between those effecting and those affected by power" (Bonbright & Batiwala, 2007: 4). Such efforts, as Chapter 8 explores, require ongoing investment of time and resources, which organisations may find prohibitive. Furthermore, the way in which programmes and NGOs are funded can also create a barrier to undertaking such processes in a meaningful way. It is, for example, not unusual for plans to be made and agreed before funds or time are made available to undertake engagement activities. Community consultations are therefore too often subject to what Najam (1996) describes as 'aspiration manipulation', with agencies entering in to engagements with a pre-existing agenda, selecting to hear only what confirms or corresponds with their already identified priorities and plans. Similar critiques can also be levied at organisations which only offer one form of intervention, such as Cloud Loan's sole focus on microfinance. In such cases, however high quality the engagement activities, and whatever issues and priorities are identified, the outcome will be a binary choice between that organisation's specialism, or nothing.

While investing in relationships with beneficiaries may not be essential in terms of securing funding, there is an increasing recognition that, as Jacobs & Wilford raise, "In order to be effective, NGOs need to maintain the trust and support of various stakeholders, including the intended beneficiaries of their work" (Jacobs & Wilford, 2010: 799). Featherstone (2013), in a study on behalf of HAP members, draws similar conclusions, observing that,

> "Accountability mechanisms improved the targeting of assistance, the nature of supported interventions and the location of services. Community participation provided agencies with a better understanding of local vulnerabilities and increased the usefulness of projects to communities" (Featherstone, 2013:5).

This is a theme that will also be raised in this thesis, where I argue the importance of communicating with, and facilitating feedback from, clients, as a means of ensuring that interventions are appropriate and effective, and operations are ethical and efficient.

Internal Accountability

Just as an individual NGO will have multiple and various relationships with other groups and organisations, so too will there be myriad connections and exchanges within that NGO. The importance of understanding and supporting internal relationships is emphasised by Roberts, in his articulation that,

> "Those whom an individual works alongside or encounters elsewhere in the organization become the network through which an individual shares and builds a common understanding" continuing that the "unsurveilled spaces of organizational life…all become the contexts

> for an alternative form of accountability in which the sense of events is negotiated" (Roberts, 1996: 49)

Ebrahim (2005) similarly observes, of accountability practices in NGOs, that,

> "while serving the necessary function of providing basic data on NGO operations, [mechanisms and processes] emphasize upwards accountability to funders, with only limited indication of the quality of NGO work and almost no attention to downward accountability to local communities. These are external approaches to accountability, enforced through punitive threats such as the loss of funding. While important, this external and upwards approach has only limited potential for encouraging NGOs and funders to take internal responsibility for shaping longer-term performance for impacting problems of poverty" (Ebrahim, 2005b: 158-159).

As both writers raise, these internal relationships and processes form an integral part of the way in which programmes are delivered, and information is processed. Paradoxically, however, these vital processes are often ill-considered in the context of accountability.

Emphasising the importance of effective internal relationships and processes, Dixon *et al* (2006) further raise that, where systems of internal accountability have failed, the results can include resources being wasted, as decisions are being made based on incomplete or inaccurate information. Furthermore, such failings can have consequences for forms of external accountability, as if flawed or incomplete information forms the regime of truth within an organisation, then this is what will be conveyed to other actors. As O'Dwyer (2005) observes, tools of accountability are only as good as the organisations and people using them. If bad habits and misconceptions remain unchallenged, and sufficient resources are not invested, then they will not be effective (O'Dwyer, 2005). Hartarska (2005), in her work with microfinance agencies, makes similar observations, arguing that the governance and internal arrangements of MFIs are inextricably linked to the impact that they are able to achieve in the world, and the degree to which they can ensure that an appropriate product is effectively delivered to target groups. Citing studies such as Campion (1998), Rock *et al* (1998), and McGuire (1999) she continues by highlighting that despite this link, internal issues and processes often go unexplored in studies of microfinance, and in monitoring and evaluation and impact assessment exercises.

As discussed in the context of upwards accountability, hierarchical relationships can manifest at a range of levels, including within an organisation. As Crack (2013b) describes, accountability within organisations is commonly characterised by lines of hierarchy, meaning that just as accountability for the achievement of specific objectives can be demanded of NGOs by donors, so too can leadership within an organisation require compliance with, and reporting on, a prescribed set of behaviours and achievements. The influence of managerialism on such processes is highlighted by Wallace *et al*, who state that,

> "Accompanying the rise of economic neoliberalism, there has developed a particular ideology that managers and particular techniques of management have a privileged role in shaping social activity and organizational life…managers are considered to be a uniquely qualified cadre of professionals to promote the changes that neoliberalism espouses" (Wallace *et al*, 2013: 51).

The geography of international NGOs can offer a complex space for such hierarchies. As greater numbers of staff, and proportions of functions, are located and being undertaken further from the centre of an organisation, Suzuki warns that, "Offices may lose a sense of sharing the mission of the organization as a whole" (Suzuki, 1998: 72). Roberts (2001) raises this as a challenge where systems of internal accountability can be a valuable solution, offering the potential for core values and ambitions to be shared across an organisation, and for individuals and teams to be held accountable for their adherence and delivery. Through internal management processes, he continues, people can be made to see how they fit in to the wider goals of the organisation. McPeak (2001), however, urges caution in this regard, observing that excessively controlling systems of accountability can, in contrast to their intended benefits, have a deleterious effect on trust and relationships within organisations, bringing negative impacts in terms of harmony, unity, and productivity.

Giving Account

Building on the conceptualisation of accountability as being essentially relational, a fundamental component is that it also involves the giving of an account Mulgan (2000). As Hilhorst articulates, there must be a, "report, story, calculation or compilation that presents the performance to be accounted for" (Hilhorst, 2003: 125). As the previous discussion has raised, the form and content of an account is shaped to a significant degree by the question of to whom an actor is seeking to be accountable.

Scott (1998) and Wallace *et al* (2013) observe that a focus on accountability to donors has created a demand for audit and evaluation processes which enable complex phenomena and achievements to be simplified, and presented in a form that is accessible to remote audiences. In seeking to fulfil the demand for management information, a particular appetite for quantitative reporting has been observed, a proposed rationale for which is that it enables the production of consistent, comparable data. Garbarino & Holland (2009) note that through the employment of considered methodologies and approaches, such research can engage communities, opening up spaces for meaningful dialogues, and generating high quality, insightful reports. Such benefits and attributes, they caution, are not, however, automatic, and must be prioritised and built-in to approaches and methodologies.

This veneration of the quantitative can be seen in much contemporary discourse, and project infrastructure in the development sector. Logical Frameworks, or 'logframes', for example, with their associated targets and milestones have become central planning and accountability documents. Similarly, the growing focus on proving value for money to powerful actors, such as donors, has initiated a range of methodologies that also seek to produce numerical values, such as Social Return on Investment (SROI), alongside more traditional economic measures. Numbers, it seems, are aspirational for their objectivity and transparency, though Hilhorst cautions against any such perception of neutrality, stating that,

> "The accountability process itself is as vulnerable to power, hierarchy, conflicting interests and interpretations, and as much informed by culture, as the 'real' situation it aims to provide an account of" (Hilhorst, 2003: 144).

Wallace *et al* (2013) cite Porter (1995) in drawing particularly strong links between a focus on collecting and communicating quantitative data, and a desire for increased transparency. They propose that a focus on quantitative methods and approaches is generated in situations where there is an absence of trust, opining that, "where there is less trust in people, there is greater emphasis on impersonality, discipline, and rules" (Wallace *et al*, 2013: 52). As O'Neill contends, however, what is needed is ongoing, active inquiry, not simply the collation of figures (O'Neill, 2002a). McGee (2013) further argues that until monitoring and reporting efforts move beyond such quantitative disclosures, the clarity and usefulness of what they generate will be limited. In the context of microfinance, these latter views are reflected too by Simanowitz (2000), who raises his concerns of a growing trend in the sector to rely on abstracted, quantitative reports, which lead actors to equate simple metrics, such as client numbers and repeat borrowing with a positive social impact.

For what are MFIs Accountable?

The stories told of microfinance are undeniably compelling: here, advocates claim, is an intervention that will boost the incomes of clients and their communities, empower participants, and all through an approach that will pay for itself, promoting sustainability and reducing reliance on donor assistance. Charismatic pioneers and advocates such as Muhammad Yunus have gone so far as to claim that microfinance has the potential to eradicate poverty to the point of necessitating poverty museums, in order that future generations might understand the scale of achievements that have been made (Yunus, 2003). As Roodman describes, "Almost no development project has held such strong and multidimensional appeal as microcredit. It appeals to the left with talk of empowering women and the right by insisting on individual responsibility" (Roodman, 2012: 271). It is a technology, however, that has also been the source of much criticism and controversy.

The challenges of overcoming extreme poverty, and achieving development goals, continue to exceed the resources that we have to address them, meaning that there is an inherent opportunity cost in the decision to fund or support any initiative or programme. This cost is amplified if the chosen approach does not deliver the promised impact. As Duvendack *et al* observe,

> "Microfinance activities and finance have absorbed a significant proportion of development resources, both in terms of finance and people…There are many other candidate sectors for development activity that have been relatively disadvantaged by ill-founded enthusiasm for microfinance" (Duvendack *et al*, 2011: 75)

Roodman similarly concludes that microfinance has been supported beyond its capacity to deliver, exacerbating the failures and challenges in the sector, a view he summarises with the statement that, "Less money for microcredit and more for bed nets would be a double win" (Roodman, 2012: 274). In the context of microfinance, he continues, the opportunity cost of this overinvestment in the sector is compounded, as not only are donor and agency resources being diverted from alternative interventions, but the savings and income of clients are also diverted from other potential uses towards meeting lenders' savings requirements and loan repayments. As I observe in this thesis, clients are also required to invest their time, when participating in a microfinance programme, to attend training sessions and repayment meetings, and in undertaking other related tasks.

Such conflict and debate over what microfinance can and does achieve make it a sector where the previously raised questions of accountability can valuably be considered. While this thesis explores the questions of what one specific microfinance organisation, Cloud Loan, seeks to hold themselves accountable for, in this section I explore four frequently raised aspirations for the microfinance sector more generally. Two of the areas discussed, poverty reduction, and business creation and development, are also presented by Cloud Loan as core ambitions, and as such are explored in more detail in chapters 4 and 5. While the subjects of empowerment and financial self-sufficiency are not achievements about which Cloud Loan makes as overt claims, the issues raised in these discussions also recur across this thesis.

Poverty Reduction

Bateman (2010) recounts the story of Jobra in Bangladesh. Jobra appears often in Yunus' telling of the Grameen Bank's origins, as he describes that it was on visits to the village in the 1970s and '80s that he met with aspiring entrepreneurs living in extreme poverty, frustrated in their efforts to establish and grow businesses by a lack of access to capital. It was this experience, he tells, that generated the central concept around which the Bank would operate, and the village was the location for early pilots of the Grameen Bank's approach. In 2006, when Yunus was to be awarded the Nobel Peace Prize for his contribution to reducing world poverty, a Dhaka newspaper, the Bhorer Kagaj, published an article revisiting Jobra, and exploring the effects of the village's long relationship with the Bank, and with microfinance. The sobering article found that poverty remained pervasive and extreme in the area, and told the stories of number of clients, held up by Grameen as model micro-entrepreneurs, who had not experienced the hoped-for gains from participation. The article continues by noting that while certain members of the community had experienced an improvement in their livelihoods, and were no longer classified as living in extreme poverty, these changes had been attributed to their family members' travelling to work in the Gulf states, and sending home remittances, rather than any success stemming from microfinance (Bateman, 2010).

Just as microfinance has been adopted by agencies around the world, so too has it gained the attention of researchers and evaluators. Despite this focus, however, evidence to justify the sector's claims is not overwhelming. A DFID systematic review, of impact assessments and evaluations of microfinance interventions, for example, observes that, "Despite the apparent success and popularity of microfinance, no clear evidence yet exists that microfinance programmes have positive impacts" (Duvendack et al, 2011:2). This assertion is indicative of broader concerns that the impact of microfinance is not well understood due to a lack of data. Sinclair (2012) argues that a lack of rigour in monitoring the impact of microfinance programmes on client poverty exists in large part down to a lack of clarity on what microfinance agencies are seeking to achieve, and therefore what should be measured. Cheston & Reed (1999) similarly explore this issue of inadequate impact data in the microfinance sector, recounting issues around quality and cost of impact assessment and wider monitoring and evaluation activities. The pair's discussion is largely summarised in their use of a quote from Elisabeth Rhyne, and her assertion that,

> "For the most part, evaluations of credit programs are still based on the old-view ideas about causality. They are centered on the presumption of a direct line of causation between receipt of credit by individual borrowers and a particular desired response, for example, changed borrower income resulting directly from receipt of a particular loan." (Cheston & Reed, 1999: 23).

Bateman & Chang are similarly critical of such simplification, observing that, "'More microfinance' became fully interchangeable with 'more poverty reduction'" (Bateman & Chang, 2009: 2).

Interest in overcoming this perceived lack of data and evidence has been demonstrated by both practitioners and academics. In Chapter 5 I discuss the Progress out of Poverty Index (PPI) tool, developed by the Grameen Bank, and employed by Cloud Loan as a means of measuring their impact on the poverty level of their clients. Randomised Control Trials (RCTs), often considered the gold standard for impact assessment, have been employed by the likes of Banerjee *et al* (2014) in their highly regarded Hyderabad study, and while this approach can only tell the story of a particular group at a particular time, and extrapolation of findings must be done with caution, their study challenges the poverty reduction claims made for microfinance, stating that while some differences were noted between the test and control groups, where microcredit is available, "it does not appear to fuel an escape from poverty" (Banerjee *et al*, 2014: 27).

In place of robust data, much of the 'evidence' to support claims of microfinance comes in the form of specific stories and anecdotes. Roodman (2012) opens his own discussion of microfinance with the contrasting tales of two micro-entrepreneurs, Murshida and Razia. While Murshida's participation in a microfinance programme was a positive experience, transforming her and her family's lives for the better, Razia's was quite the opposite, as found herself selling-off assets, including her family's home, to meet the repayments on her loan. Both stories are compelling, and could be well used to justify the arguments of both proponents and opponents of microfinance, yet such an approach ignores issues of context and scale. All development interventions are likely to be experienced differently by different actors, and to reflect only on the specific experience of one individual gives little insight into the wider intervention and its impact. Drawing on such diversity, Roodman (2012) reflects that it is perhaps not that microfinance cannot achieve poverty reduction, but that it cannot achieve poverty reduction for everyone, making careful client selection a significant, but often overlooked, factor in a programmes' success. This issue of client selection is, therefore, similarly true when giving an account of how an intervention has been experienced.

Freedoms and Empowerment

As Noeleen Heyzer, then Executive Director of the United Nations Development Fund for Women (UNIFEM) observed,

> "Microcredit is about much more than access to money. It is about women gaining control over the means to make a living. It is about women lifting themselves out of poverty and vulnerability. It is about women achieving economic and political empowerment within their homes, their villages, their countries." (Mayoux, 2002: 1).

Ideas of empowerment and agency, such as Heyzer's, are tightly woven into the microfinance story, and while definitions of empowerment vary, the term was defined by the World Bank, in their 2002 publication, 'Empowerment and Poverty Reduction: A Sourcebook', as "the expansion of freedom of choice and action to shape one's life" (Narayan, 2002: xviii). In 'Development as Freedom', discussion of similar concepts can be found as Sen puts forward the argument that freedoms are integral to development, and that the enhancement of freedoms are a means of addressing and alleviating poverty. Roodman (2012) draws closely on Sen's work, arguing that microfinance can bring financial freedom, enabling wider opportunities to be realised: children are sent to school, for example, and the family are healthy and able to participate in society. Debt allows an individual to spend beyond their immediate needs, thereby increasing their options and opportunities, and using Sen's terms, their freedom.

Just as a loan can increase opportunities, however, so too can it reduce freedom, acting as a bond that ties the client in to commitments that restrict their ability to seize other opportunities. The Grameen Bank have faced particular criticism for limiting the freedom and agency of their clients through their controversial '16 Decisions', which represent 16 commitments that clients must make in order to remain eligible for Grameen Bank loans (Grameen Bank, ND). These Decisions include commitments go beyond loan management to include, for example, a commitment to keep their families small. As such, they go well beyond the requirements clients face when borrowing from more mainstream financial institutions. Similar criticisms have been made of microfinance's capitalisation of social relationships through the group lending model, which can result in clients who find themselves unable to make repayments compounding their financial concerns with social losses (Banerjee *et al*, 2018). Bateman (2010) is among those who make a more fundamental challenge on the relationship between microfinance and freedom, as expressed in his assertion that microfinance is a means of limiting options and opportunities for people living in poverty. Rather than seeking to challenge or alter power relations, he observes, microfinance conforms to, and even entrenches, the norms and preferences of elites. As Bateman & Chang (2009) further contend, microfinance is viewed by some as a deliberate means of diverting attention and resources away from more radical initiatives, and deliberately disempowering the workforce by steering them in to informal enterprise. If poverty is about power and privilege, Bateman (2010) contends, then failing to address these issues will automatically limit the impact of an intervention on reducing poverty, and the long term capacity of developing countries to fully exploit their own resources and potential.

Supporting Enterprise and Economic Growth

Blowfeld & Dolan (2014) describe microfinance as being one of a range of initiatives which seek to promote 'bottom billion capitalism'. Their ambition, they continue, is to support greater integration of people living in poverty into markets, and to, "harness the mechanisms of private enterprise for developmental ends by repositioning business as a development agent" (Blowfield & Dolan, 2014: 23).

The private sector playing a role in development is not a new phenomenon. The size and influence of the global private sector makes it unavoidable that its actions and decisions will impact lives and livelihoods, for good or for ill. Blowfield & Dolan (2014) however raise that since the 1990s, the engagement of the private sector in development has become more deliberate and overt, reflecting the wider prominence of neoliberalism. Kramer & Kania (2006) similarly explore this trend, documenting the evolution from corporations' initiatives to reduce harm in their operations, such as adhering to minimum standards for working conditions and environmental sensitivity, through to their engaging in deliberate efforts to address development issues. While it is occurring on the micro scale, it is this idea that businesses can be agents of development that sits behind the rationale for microfinance as a tool for development, as microfinance offers a means by which people living in poverty can be integrated into the private sector and markets (Chapter 4). There are those who question, however, whether the private sector's impact can go beyond generating wealth to address the more complex issues of development.

While Bateman (2010) and Sinclair (2012) are among those who estimate that 50-90% of microfinance loans are used to fund consumption spending, rather than entrepreneurial development, enterprise remains central to the commonly espoused theory of change for microfinance. As previously recounted, it was Yunus' belief that the entrepreneurial abilities and intentions of people living in poverty could be released through the provision of investment capital (Yunus, 2003). In so doing, individuals could be empowered, and through them, whole communities lifted out of poverty. Whether the inherently micro-nature of businesses enabled and supported by micro-loans can achieve this scale of change, however, has been called in to question. In a powerful piece of imagery, Sinclair (2012) compares microfinance to the favelas of Brazil. People, he says, flock to these settlements as points on route to the realisation of greater aspirations. The ambition of making it big in the city, he continues, is the goal that compels this behaviour, just as the dream of building a vibrant and profitable enterprise is projected by MFIs. While there will be some success stories among those who follow these paths, in both cases the majority will not progress beyond their initial stepping-stone.

Exploring the limits of success through microfinance, Bateman (2010) raises that, while it is common for loans to be made on a group basis, businesses are pursued individually. As such, microfinance overwhelmingly tends to support a limited range of informal, accessible economic activities. Increasing investment in microfinance therefore, Bateman claims, drives a 'primitivisation' of the country's economy, as those living in poverty are encouraged to see their best opportunity for change as being through "petty market interaction" (Bateman, 2010: 208). Illustrating the scale of this issue, Bateman & Chang (2009) discuss Bangladesh, a country almost synonymous with microfinance, and cite a 2003 UN Habitat report which estimated that 63% of the employed population of Dhaka are engaged in the informal sector, representing a significant capture of human energy and potential. Reflecting on this figure they state that, "It is striking that compared to its neighbouring South and East Asian countries, Bangladesh is one of the least successful in sustainably reducing poverty and promoting 'bottom-up' productive enterprise development" (Bateman & Chang, 2009: 12). Citing Chang (2006), the pair account for this discrepancy by raising that funds equivalent to those invested in microenterprise in Bangladesh were invested instead, by their more successful neighbours, in industries with greater potential for growth. This, they continue, highlights a 'fundamental fallacy' within the concept of microfinance: that an unlimited number of microenterprises will find demand for their goods and services.

As Bateman & Chang argue, "informal microenterprises increasingly do not raise the total volume of business so much as redistribute or subdivide the prevailing volume of business" (2009:10). Bateman (2010) further contends that there is a minimum level of production, below which operations are inefficient and unlikely to be sustainable. Through their disproportionate receipt of subsidised finance, he continues, unsustainable micro-enterprises are able to undercut the SME sector, which could offer a more sustainable and powerful engine of economic growth. Bateman & Chang (2009) also describe this issue, introducing the concept of 'adverse selection bias', whereby those seeking investment for more sophisticated initiatives find themselves ineligible for the majority of funds available. The pair go on to recount examples from Bosnia where the inability to attract appropriate funding led innovative entrepreneurs to downgrade their ambitions to match the available funding, or relocate to Germany. Both outcomes resulting in a loss to the Bosnian economy. It was experiences such as this that led Bateman to assert microfinance interventions in the western Balkans actually undermined wider economic recovery efforts, and his statement that, "microfinance is largely antagonistic to sustainable economic development, and so also to sustainable poverty reduction" (Bateman, 2010:1).

Bateman & Chang (2009) further contend that focusing support on uncoordinated, individual enterprises can hinder wider connectivity in the economy, with larger enterprises unable to source inputs or sub-contractors to enable them to deliver and expand their work. Through a coordinated, collective endeavour, they argue, micro-enterprises could make a greater contribution to the economy than through competitive individualism. The failure to achieve such coordination therefore not only reduces the potential benefits and returns for the micro-entrepreneurs, but can have implications for the economy more widely, as industries face limits to their expansion, or become increasingly reliant on imports to source what they cannot domestically.

To return to Sinclair's analogy, clients are therefore not only finding themselves unable to move on from the economic favela of the informal sector, but are also finding that space to be becoming increasingly crowded, with the expansion of microfinance organisations and services supporting a stream of newcomers to invest in similar, competing enterprises. Following basic laws of supply and demand, this crowding of the market can have an impact on profits. With the tight margins common among informal enterprises, this in turn can lead to clients finding themselves unable to manage their loan repayments, let alone realise the promised development gains (La Porta & Schleifer, 2008; Breman, 2003; Davis, 2006).

Financial Self-Sufficiency and Sustainability

As previously raised, it is frequently argued that microfinance organisations differ from other charitable bodies in that they have a greater potential to become financially self-sufficient. While certain other forms of aid can be given only once, as loans are repaid, the initial sum can be repeatedly lent, arguably enabling the intervention to reach more people. This creates an expectation that microfinance organisations will go beyond the financial prudency expected of all NGOs and development actors, and work towards a state of financial self-sufficiency. This can create a complex and challenging operating environment, as an organisation's leadership must balance interests of social impact, and financial viability (Hartarska, 2005). As Roodman contends, "on any given day, in any given place, the immediate business interests of the lender conflict with the agency of the borrower" (Roodman, 2012: 219). Bateman & Chang (2009) further argue that financial self-sufficiency in microfinance goes beyond being a desirable characteristic, and is in fact essential to the legitimacy of an intervention. The pair assert that the success of microfinance organisations has been, and continues to be, "overwhelmingly" judged on their ability to achieve financial sustainability, with relatively little attention given to the social impacts of interventions, or effects on reducing poverty. As Bateman (2010) continues, if a strategy to achieve profit, or at least financial self-sufficiency, is pursued, this is likely to be achieved only at the expense of many of the elements that made microfinance so initially attractive as a tool for poverty reduction. This echoes the previous observations of an assumed automatic link between microfinance and poverty reduction, but as Cheston & Reed describe,

> "just knowing that we increased the debt of 100 million people will not tell us that we accomplished what we set out to do, even if we delivered that debt in a financially viable manner" (Cheston & Reed, 1999: 23).

The delivery of microfinance services does, however, cost money. If a deliberate strategy to reduce reliance on external support is pursued, and these costs are not met through subsidies or donor support, then they will have to be met by clients. Dehejia *et al* (2012) examine the relationship between reduced subsidies and accessibility of microfinance services, finding that increasing interest rates by 1% led to a reduction in borrowing of over 1%, suggesting that while such a move may enhance financial self-sufficiency, even a small increase in the cost to the client could prove prohibitive, and reduce poverty outreach. Morduch (2000) similarly highlights that an increase in interest rates may alter the viable business opportunities for clients, raising the issue of compound charges for those who seek to make medium to long term investments, such as cultivating crops or livestock rearing. Bateman & Chang (2009) also raise this concern, citing the preference of many microfinance organisations for clients engaged in businesses with quick turnarounds; a preference which, at scale, can severely damage national agricultural sectors, as the pair observe has occurred in Cambodia and Kosovo.

More broadly, an increasingly corporate approach may encourage MFIs to cut interaction time with clients, reducing opportunities for training, or feedback and engagement. They may also, in the interest of efficiency, be attracted to operating in locations where large numbers can be accessed at relatively low 'unit cost', often peri-urban areas where the need is not necessarily greatest. This can result in microfinance organisations clustering in particular communities, leading to an over-accumulation of capacity, driving competition between MFIs, and increasing the risk over indebtedness among clients through multiple borrowing.

Increasingly competitive interests and behaviours, Bateman & Chang (2009) claim, can result in capture or corruption of the MFI, turning it into a vehicle for private enrichment rather than one for wider public gain. In exploring such issues of corruption. Bond (2007) also raise questions about the transparency and wider business practice of a number of MFIs, including the Grameen Bank, quoting J.D. Von Pischke, then of the World Bank, in his assessment that, "[the] Grameen Bank had been at best lax, and more likely at worst, deceptive in reporting its financial performance" (Bond, 2007: 231).

The benefits of an intervention that is able to be financially sustainable should not, however, be ignored: It is widely accepted that a responsible development agency should work towards their own exit strategy and avoid creating dependency on external support. The impact of an organisation cannot, however, be judged purely on its ability to be financially self-sufficient. Discussing this issue, Bateman (2010) offers the tobacco industry as a comparison, outlining that this is a profitable, self-sufficient industry, but one that cannot be said to boast a net benefit for society. Furthermore, as Roodman (2012) raises, sustainability of an endeavour is dependent on more than just funding, with political dimensions of space and legitimacy to operate being essential. Finally, Morduch (2000) goes beyond discussing whether financial self-sufficiency is desirable, and questions whether it is possible, describing that the majority of microfinance programmes with which he has engaged have been in receipt of subsidies in some form. Morduch goes on to estimate that, "little more than 5% of all [microfinance] programs today will be financially sustainable ever" (Morduch, 2000: 618).

Conclusion

While it is a principle of this research that I sought not to enter the field with a pre-conceived framework of accountability, against which to compare my observations and findings, in the planning and analysis, I sought to engage with the existing work and literature on accountability and on microfinance. In this chapter, I have introduced the work that shaped the questions and ideas that inspired my research design, and that I took with me in to the field. In so doing, this chapter provides an introduction to key concepts that I return to throughout this thesis.

In Chapter 1, I introduced that while across international development, and wider public policy and discourse, there has been widespread acceptance that accountability is an ambition towards which all actors should be working, and that more accountability will bring benefits to society. Despite this agreement, however, a unified definition of what accountability is, and how it can be achieved, remains elusive. In this chapter, I argued that what unties various conceptualisations of accountability is that they are fundamentally concerned with relationships, or the interactions between, and giving of account to, different actors, within or outwith an organisation. In my time with Cloud Loan, three broad groups of relationships emerged; those with donors and regulators, with beneficiaries and communities, and within the organisation. These groups correspond with ideas of upwards, downward, and internal accountability, and in presenting an overview of research on and ideas around accountability to these groups, I raised several themes that emerged in my observations of Cloud Loan. In particular, I raised that there is often a prioritisation of upwards accountability, and for accountability efforts to be effective and meaningful, sufficient investments of time and resources must be made, particularly when considering accountability to beneficiaries. This latter theme is one that emerges strongly in Chapter 8's discussion of downward accountability.

In this chapter, I also reflected on microfinance. From my review of the literature on microfinance as a tool for development, I identified four commonly raised ambitions held by microfinance organisations; reducing poverty, promoting freedoms and empowerment, supporting enterprise, and achieving financial self-sufficiency. While these were often repeated, in my exploration of these subjects I raised questions about whether they are ambitions that are, or even can be, achieved through microfinance. Two of these ambitions, reducing poverty and supporting enterprise, were also articulated objectives of Cloud Loan, and as such are explored further in Chapters 4 and 5. In these later discussions I build on concerns raised in this chapter, in observing deficiencies in the tools and processes employed by Cloud Loan to achieve, monitor and report on these objectives. Furthermore, in the context of financial self-sufficiency, I questioned in this chapter whether it is appropriate for microfinance organisations to seek to achieve this objective, raising that it may conflict with ambitions of achieving social impact. This again is a theme that emerges throughout this thesis, as I observe the frequency with which decisions were made in the interest of attracting funds or reducing expenditure, to the detriment of impact and accountability.

Chapter 4: Business Creation and Development

As we watch a celebrity entrepreneur walking through a bustling, Malawian market place, her voice joins the image. “I have spent my life in business” she explains, “and one thing that I’ve learned is that even the best ideas often need a helping hand to succeed.” Now looking directly at the camera, she continues, “I have great belief in the power of business to create opportunity and wealth…I want to show you how this charity is helping women in Africa to turn their lives around by providing small loans and practical business training”[18].

Hearing that their organisation had been selected to feature in this media appeal had been the cause of much excitement in the London office. A national broadcaster had offered to arrange for a celebrity to travel to Malawi and make a short film about the organisation’s work, which would then be televised and featured on various websites, all accompanied with details of how viewers could support Cloud Loan’s work. The news had come in during my time working in the London office, and was the result of a bid developed by the fundraising team some weeks previously. Nina, the fundraising officer who had led on this work, was delighted not only at this opportunity for raising funds through the appeal, but also that the celebrity partner she had proposed in the bid had agreed to participate. “She’s a strong, female entrepreneur” Nina explained, “and that’s what we want to communicate. That’s how we want people to see our clients, to see our work…That’s what we do, we help our women be strong, successful entrepreneurs, like her”. This was not the first time that Nina had used such imagery in her work. Within the fundraising team, Nina held responsibility for managing relationships with Cloud Loan’s corporate supporters, and several times a month would visit current and prospective supporters and partners to present on Cloud Loan’s work. In telling me about these engagements, she explained that she would often only have about 10 or 20

[18] Cloud Loan Appeal Video (Cloud Loan Source 4.1)

minutes to present, and so would focus on sharing a particular success story, telling how a client had been able to grow her business and in so doing improve her own life and those of her family members. Despite the engagements being short, she reflected that these presentations were often effective, with a number of partners including support for Cloud Loan year after year in their staff giving and corporate philanthropy schemes. “People are really sympathetic to this concept of supporting women to build businesses” she explained, “It’s an idea that they understand, it makes sense... People who are in business in the UK see the benefits of business overseas”.

Beyond corporate supporters, these stories of transformation through enterprise are ubiquitous across Cloud Loan’s promotional materials. The appeal video, for example, was created to attract support from individual members of the public, yet follows a similar format to Nina’s corporate presentations. Just as Nina focused on specific stories of transformation, rather than more general statistics on reach, impact, and effectiveness, the celebrity entrepreneur goes on to meet two Cloud Loan clients, who tell their stories of how obtaining loans and building their businesses have transformed their lives:

> “My life is good now” the first client comments, “I am comfortable. I am able to buy things for my household. Now we have food, my children no longer go to bed on an empty stomach. My children’s education has improved, now I can afford the things they need to stay in school. I can now fend for my family; it gives me hope for the future”. [19]

Later, one of Cloud Loan’s branch managers joins the screen, explaining to the viewers that such results are possible because, “This is a different approach to charity, we are giving them hope, not handouts”[20]. This was a mantra often used by the London based fundraising team, with a member of the team reflecting that, “There are a lot of charities. It can be hard to be seen. We want people to see that what we do, it’s different”.

[19] Cloud Loan Appeal Video (Cloud Loan Source 4.1)
[20] Cloud Loan Appeal Video (Cloud Loan Source 4.1)

Introduction

As was discussed in the Introduction Chapter, accountability is frequently promoted as a means of ensuring that organisations are doing what they say that they are doing. It is this dimension of accountability that inspired the question, for what are Cloud Loan accountable? Over the next two chapters, I will seek to address this question, this time considering Cloud Loan's objectives around supporting clients to establish and grow profit making enterprises. With the creation and development of micro-businesses featuring so prominently in Cloud Loan's presentation of itself, and its theory of change for poverty reduction, this chapter explores how the organisation seeks to deliver on their articulated ambitions in this area, and hold itself for accountable for achievements and impact.

This chapter begins by introducing the concept of Bottom Billion Capitalism, and how neoliberal ideas of conceptualising poverty as market failure underpin the focus on business support in microfinance. Controversies around this approach to development will also be introduced, in particular, that the relationships between growing businesses and reducing poverty are not always as automatic as some purport, necessitating ongoing vigilance and assessment.

In my engagement with Cloud Loan, two core areas of work emerged as being the means by which Cloud Loan seeks to achieve its ambitions of supporting the creation and development of profit making enterprises: business appraisal, and client training. This chapter will consider each of these areas in turn. Considering first businesses appraisal, these were presented to me as the processes by which Cloud Loan seeks to ensure that clients are investing their loans in appropriate, viable enterprises, yet I found there to be a significant gap between policy and practice in this field. In this section I present my findings that the organisation knew little about how clients used their loans and had only superficial information on their businesses. In the face of this lack of information, I observe, it becomes difficult for the organisation to evidence and understand their impact on clients' business activities. I further suggest that the organisation's seeming lack of interest in developing their processes for understanding and appraising their clients' businesses, juxtaposed with the prominence of these themes in their external and fundraising literature, is indicative of such policies being adopted more for their narrative value and appeal rather than intention and commitment to integrate them in to practice.

I then move on to consider Cloud Loan's client training programme, where similar observations emerge. Built in to the regular repayment meetings, all Cloud Loan clients receive training on matters including the business planning, budgeting, and the importance of saving. This training programme is presented as being a key means by which the organisation seeks to achieve its ambitions of social impact, and set itself apart from the commercial financial services sector. Here again, however, I observe that while time consuming for both the organisation and clients, the impact of this training programme is ill-understood. Furthermore, I raise that a lack of flexibility in the curriculum means that matters of particular interest to clients may not be raised, and that this and the wider mode of delivery contribute to the positioning of clients are passive recipients or subjects in their interactions with the organisation which, I argue, may be a more compelling motivation for providing training than the purported business benefits.

Microfinance and Bottom Billion Capitalism

Supporting entrepreneurship and business development are integral themes in the way in which Cloud Loan talks about itself: In a 2010 report, for example, the organisation's CEO and Founder describes that the mission of the organisation is, "to help poor rural women set up businesses to generate income to feed and look after their families"[21]. Beyond Cloud Loan, this is also, more broadly, a central component of the global microfinance narrative. It is this focus which leads Blowfield & Dolan (2014) to describe microfinance as being one of a range of initiatives which comprise 'Bottom Billion Capitalism'. A movement which Roy defines as being, "the integration of the billion or so people living

[21] Cloud Loan 2010 Impact Report (Cloud Loan Source 4.2)

under conditions of extreme poverty into global circulations of finance capital" (Roy, 2012: 132). Inherent to this movement is a particular understanding of what poverty is, and therefore how it can be overcome, which is grounded in market interaction (Li, 2007). With poverty being conceptualised as an issue of market failure or exclusion the solution, as Roy (2010; 2012) raises, becomes reintegrating people into those markets, with microfinance offering a means of engaging people living in poverty into the global financial and capital markets.

Reflecting the client's testimony in the appeal video, when Cloud Loan clients were asked why they were taking a loan, or what they hoped to achieve through growing their business, the majority would respond that they hoped to be able to send their children to school, to improve their homes, or to access health care and support for family members. These are aspirations which recur frequently across international development initiatives, but within the neoliberal approaches of Bottom Billion Capitalism, they are framed not as rights, but rather as the rewards for the judicious use of a loan, and the founding of a thriving enterprise. Immanent within this understanding are assumptions of meritocracy and equality, with the expectation that every participant has an equal chance of succeeding, if they work hard enough. Conversely, failure to achieve these hoped-for transformations, having been given the tools to do so, implies a lack of effort or will (Miller & Rose, 1990; Rankin, 2001). The focus is on the individual, with wider structural issues all but removed from consideration. It is this characteristic of microfinance which leads Rankin to describe the technology as being an "aggressive self-help approach to development" (Rankin, 2001: 18).

Devolving responsibility in this way is alternatively framed as a means of democratising opportunity. Consideration of client selection, however, challenges how democratic this process really is. Within Cloud Loan, following concerns being raised internally that the organisation was not reaching the poorest and most marginalised in Malawian society, which are discussed further in the next chapter, one loan officer explained to me that a new loan product had been piloted, offering smaller loans, and integrating mentorship from more experienced clients. These products had, however, only been launched in a small number of branches, and the officer explained that many recipient clients had, "not managed their loans well", continuing that they required more time and support from loan officers, and repayment rates had been much lower than from clients with other types of loans. As a result, Cloud Loan was, during my time with them, phasing out the product, with a member of the SPM team explaining that they would look at alternative means of reaching these individuals in the future. This raises a major critique of Bottom Billion Capitalism, namely that interventions bring with them concerns beyond social impact, and seek to focus their efforts of working with what Blowfield & Dolan term, "the 'viable poor'" (Blowfield & Dolan, 2014: 33). This group incorporates those who are easiest to reach and work with, and those who are best placed to make good use of the support that can be provided. As Banerjee *et al* (2014) observe in their RCT of microfinance programmes, those most likely to benefit are those who already have some education and business experience, suggesting that the viable poor excludes some of the poorest and most marginalised.

Beyond such concerns over outreach, there is also no consensus around the relationship between microfinance and business success. Mtsitsi *et al* (2016) observe, in their study of the effects of microfinance on certain Malawian microenterprises, that while loans frequently improved the productive efficiency of the client's enterprise, the debt incurred necessitated even greater enhancement of productivity and efficiency to enable the client to manage the loan, counter the risk that such debt incurred, and increase their own income. Blowfield & Dolan similarly raise that, "there is little indication that any of these models [of Bottom Billion Capitalism] has yielded positive impacts that are scalable" (Blowfield & Dolan, 2014: 28). Despite such debate, this relationship, so integral to the organisation's presented theory of change, remained untested by and within Cloud Loan.

The Malawian MSE Sector

Before going on to examine Cloud Loan's work on business creation and development, it is valuable to reflect on the context in which this work is being undertaken. As I relayed in Chapter 2, Cloud Loan describe that they offer very small, or micro, loans, to entrepreneurs in the micro and small enterprise (MSE) sector. Precise definitions of what constitutes a micro or small business vary, though drawing on definitions used in various socio-economic surveys of Malawi, Darroll (2012) offers that businesses employing four or fewer people can be considered micro, while those with 20 or fewer, are small. All of the clients that I met in this research were engaged in business which can thus be categorised as micro-enterprises, employing few, if any, people.

Malawi's MSE sector was heavily constrained prior to the processes of economic liberalisation that were seen in the 1990s. As such, it is less well developed than those of neighbouring countries. Nonetheless, studies undertaken by the National Statistical Office of Malawi and FinScope estimate that some 1.7 million people in Malawi are employed in MSEs, accounting for c.38% of the country's working age population (NSO, 2000; BFP, 2014). Within these numbers, women are increasingly playing a role, making up c.46% of those employed by the sector in 2014 (BFP, 2014). Johnson (2005), however, also notes that despite this figure steadily rising, it does not compare favourably with the estimated 75% of MSEs that are owned by women in neighbouring and comparable countries (NSO, 2000; Johnson, 2005).

MSEs frequently co-exist alongside agricultural activities; many businesses are themselves related to agriculture, while others are pursued as a means of topping-up income during lean periods in the farming cycle (Darroll, 2012). The balance of income from micro-enterprise and agriculture varies across the country. The Southern Region, Orr & Orr (2001) describe, is the most economically developed in the country, and there MSEs contribute 17% of income, with agriculture accounting for 36%, in contrast to 2% and 50% in the Central Region (Orr & Orr, 2001; Johnson, 2005).

Malawi's MSE sector is frequently described as having the potential to play a major role in the country's economic development. It is, for example, discussed in the country's Poverty Reduction Strategy Paper (GoM, 2002b) as being an area of development where women can play a particularly significant role. It is also, however, widely acknowledged to be a particularly vulnerable and volatile sector, and the extremely small profit margins of these MSEs leaves many business owners unable to mitigate against this volatility. As Johnson (2005) observes, micro-businesses will often fail after a relatively short period of time. Exploring the reasons behind this high rate of failure, Darroll (2012) reviews various studies looking at constraints to growth of the Malawian MSE sector, and highlights a weak culture of entrepreneurship, lack of access to capital, inappropriate or unhelpful Government policy, and crowded competitive markets as among the prominent issues. As I explore in more detail in Chapter 6, many parts of Malawi are also increasingly vulnerable to extreme weather events, such as floods, which can further decimate economic activity. Johnson (2005) also goes on to note the particular vulnerability of micro-enterprise in the Central Region, observing that not only are business owners operating at smaller scales than their contemporaries in the Southern Region, but that they are also subject to fluctuations in the incomes of their customers, themselves commonly reliant on seasonal income from agriculture.

Darroll (2012) also observes that MSEs tend to remain MSEs, describing what he refers to as a 'missing middle' in the Malawian economy. Here he notes that businesses in the country tend to be polarised between large scale industry, and small or micro enterprises. Efforts to remedy this gap, he continues, have largely been unsuccessful, and have left micro-entrepreneurs stuck in small-scale businesses generating little, if any profit.

Business Selection and Appraisal

At the start of every loan cycle, whether it was a new or returning group, the loan officer would convene a meeting, attended by every member who wished to apply for a loan. Addressing each member in turn, the officer would ask the clients how much they would like to borrow, and the nature of the business into which the funds would be invested. One of several such meetings which I observed was in the first Central Region branch. "55,000: fish" answered the first client, "45,000: groceries, 10,000: tomatoes, 60,000: beans". The process continued until all 17 clients had given their information, which the officer brought back to the office, adding the details to the loan application paperwork for his Regional Manger's approval.

While the investment of loans in establishing or expanding a profit-making enterprise is a central feature of Cloud Loan's work, I had been surprised that in the loan application and approval process, exploration of the nature, strength and viability of clients' businesses rarely went beyond this simple, often one-word description. Cloud Loan state on their website that at the start of the loan cycle, each group will have their business ideas appraised[22]. This term 'appraisal', however, did not reflect the processes that I had observed, connoting as it does an impression of interrogation and judgement. Asking one loan officer[23] about how clients' proposed business ventures were assessed, he paused before replying that, "I know what kind of businesses to expect and what will be reasonable. If they are in that kind of business, then it is okay". I pressed for more information, but none was forthcoming. In my engagements with loan officers more widely, they too did not seem concerned about the nature or viability of their clients' businesses, beyond these one-word descriptions. As I go on to explore in this chapter, this was an early indication that these matters were not prioritised by Cloud Loan.

At the African Head Quarters, I also raised the subject of business appraisal with the Social Performance Management team. In response, Simon, the Senior Social Performance Management Officer, explained that Cloud Loan's appraisal process had two parts: Training for clients on how to prepare a business plan, and random business checks by the SPM team. Before a group receives its first loan, and at every subsequent repayment meeting, Cloud Loan's loan officers deliver a prescribed programme of training to their clients, a component of the organisation's work which will be discussed more fully later in this chapter. In one module, Simon described, clients were encouraged to develop a business plan. I had the opportunity to observe different loan officers delivering this module, and while this process did not produce the formal, written documents that one might envision when thinking of business plans, I watched as the officers talked through various issues which could affect the success and profitability of clients' business, such as the importance of

[22] Cloud Loan Website (Cloud Loan Source 4.3)
[23] Loan Officer in the first central Region branch

understanding the market for the goods or services that they sought to supply, and of ensuring secure and sustainable access to any inputs required. As later discussions of client training will raise, the quality of these sessions varied with the differing skills and confidence of each loan officer. During the training, clients were encouraged to break into small groups of three or four, and reflect on the issues raised in the context of their own business. Sometimes these interactions were long and animated, with the loan officer circulating between the groups, asking questions and offering guidance. Other times, there would be no small group discussions, or the officer would call the group back together after only a couple of minutes, encouraging members to continue the conversations after the meeting. What I found striking, however, was that these sessions were not followed by any formal review of the clients' businesses, so there was no way of knowing whether the discussions had raised issues or questions that had caused the clients to reconsider their chosen venture. Similarly, as will be returned to later, loan officers confirmed that they made no attempt to measure the impact of this training on clients.

Following one session, I asked the officer about whether he thought that clients found this training useful in making key decisions on their business and business plan. He responded that clients would usually stay in the same business, often selecting a venture in which they already had some experience, or knew others who were already involved. Another loan officer similarly reflected that client's options were often limited when it came to selecting a business, continuing that even if they identified an issue or challenge, they would be unlikely to deviate from the familiar. Neither of these officers saw this as something that they could change, but were also not concerned by such tendencies. As the first articulated, "If they are repaying their loan. If they are returning for another loan, then the business is working". This became a recurring theme throughout this work: clients repaying their loans and returning for future loans was taken as a signal that the intervention was working, and deeper understanding of the client's actions and experience was not necessary.

The second part of the business appraisal process, Simon explained, was that he would visit branch offices and undertake random 'business checks'. The purpose of these was, he explained, to verify that the client was engaged in the activity that she had declared on her loan application, and was investing her loan in that business. At no point, however, did I observe such visits being undertaken, and while some branch staff were familiar with this process as a policy, none could give examples of recent checks having occurred. On asking Simon and his colleagues for more information on recent and planned visits, he confessed that this area of the team's work had been neglected recently, as other demands on the team's time had required sacrifices. It is worth noting that the SPM team, identified as being responsible for undertaking these checks, was the same small unit responsible for managing the constant influx of PPI data, discussed in Chapter 5, and work to support the Client Hotline, discussed in Chapter 8. This situation was exacerbated when, by my third visit to Malawi, Simon had been promoted to a different role, leaving just one member of staff in the African Head Quarters' SPM team for the remainder of my time with the organisation. While this process of 'business checks' exists in theory, therefore, insufficient time and resources had been allocated to enable its achievement, and it was not prioritised by individual staff members[24], or the wider organisation. This issue of under-resourcing is one that emerges throughout this thesis, and, I argue, is reflective of the organisation's priorities.

Selecting Businesses

Despite the client training including an emphasis on market research, with encouragement that clients should ensure that there is sufficient demand for their goods or service, in observing the loan application and disbursement processes, I was struck by the lack of diversity in clients' businesses. In the second Central Region branch, for example, I attended a disbursement meeting for a new loan group. These meetings had been added to the loan disbursement

[24] As I go on to explore in Chapter 6, branch staff were encouraged to prioritise certain tasks through a system of KPIs and associated bonuses. In this discussion I note that matters such as the success of clients' businesses are not considered in this performance management system, and so are not incentivised by Cloud Loan.

process as a means of combatting loan officer fraud, particularly the issue of officers creating 'ghost clients'[25], which is discussed in Chapter 7. At the beginning of each loan cycle, before funds were released, clients were required to come to the Cloud Loan branch office, where branch managers would verify the details of their group's application. Assembling on the thin strip of concrete which ran along the front of Cloud Loan's office, and offered the only available shade, the group were met by Patrick, the Branch Manager, carrying the paperwork that his loan officer had compiled. Mirroring the previously described meeting in the first Central Region branch, Patrick began to read the names of group members, who would raise their hand and respond with the nature of their business, and the size of loan that they had requested. In this process, all but two clients repeated that their business was selling tomatoes. While the nature of the business would vary, I would see this dynamic repeated across the offices that I visited, with it being common that a substantial proportion of each group was involved in the same venture. With groups being formed of neighbours and kin from within the same community, this raises concerns about whether these communities can support several businesses of the same sort, or whether clients are limiting each other's potential for profit and growth. I raised this concern with one of the loan officers in the second Central Region branch, asking whether he or his colleagues ever offered guidance to clients on the nature of the business that they should establish, or encouraged them to look for alternatives to their neighbours. He replied emphatically "No! We cannot interfere. If the business does not work, and we told them to do it, then it is our fault!". This behaviour seemed to me to be an evasion of responsibility for the outcome of clients' engagement with Cloud Loan. In later chapters, I consider further to whom loan officers sought to be accountable, and observations such as this support my argument that they prioritise what is demanded of them by their superiors above the needs presented to them by clients.

Chirwa (2008) also identifies this issue of saturated markets, in his study on the profitability of MSEs in Malawi. In this work, Chirwa's analysis shows

[25] 'Ghost Clients' refer to fictitious clients created by fraudulent loan officers. The officer would take the loan, and then claim to Head Office that the client had disappeared without making any repayments.

competition to be second only to marketing as the most influential factor in determining the profitability of a female-led MSE. It is notable that he identifies this as a more significant factor for MSEs led by women than those run by men, suggesting that this matter should be of particular concern to agencies such as Cloud Loan, who primarily seek to support female entrepreneurs. Such constraints to growth contribute too to what Darroll (2012) refers to as a 'missing middle' in the Malawian economy, and what Sinclair (2012) describes as a 'poverty favela', where micro-entrepreneurs find themselves unable to grow their business beyond the level of generating little, if any, profit.

Concerns around the nature of clients' businesses were also raised by Adwell Zembele, the Chief Economist in the Malawian Ministry of Finance, Economic Planning and Development, who was sceptical of the contribution that disconnected micro-ventures could make at the individual, community and national levels. When we met in his office, in Lilongwe's Capital Hill, he elaborated on these concerns, reflecting that the country's microfinance sector was a significant recipient of incoming, international aid and wider financial support, and that these funds were supporting the creation of a vast number of discrete, micro-enterprises. Reflecting Sinclair's 2012 observations on this theme, Adwell considered that only a very small number of microfinance clients' enterprises would or could ever grow beyond their micro size. Commenting on Cloud Loan's work in particular he reflected that,

> "You could visit some loan groups which have been taking loans maybe 14 times, maybe 14 cycles… Sustainability, I mean, is a problem, because you are dealing with very small, small, small, small enterprises. Very, very small, and the amount of the loan that they are getting would not really help them."

The alternative, he suggested, was that donors and MFIs should move away from supporting individual entrepreneurs, and instead encourage collective endeavours around industries such as cotton and oil seed production. Such ventures, he continued, had the potential to offer greater personal income for microfinance clients, and at the same time could contribute to wider national objectives around economic growth and export targets. These were sectors which had been identified as priority areas for investment in various Government strategies and policies, including the 2013-2018 Malawi National Export Strategy (GoM, 2012a), which also identifies that for wider growth in these sectors to be possible, more of the raw, agricultural inputs need to be reduced. The strategy goes on to raise the particular contribution that microfinance can make in encouraging and supporting such production. Having recounted these potential benefits, however, he reported that having raised these suggestions with various microfinance organisations and international donors such as the Scottish Government and DFID, he had received a similar response to the one that I had received in the second Central Region branch, that clients should have the freedom to select their own business venture. This feedback from donors resonates with themes that I discuss in Chapter 7, where I argue that much of the popularity of microfinance is found in the sector's appealing narrative of self-help, rather than in the impact on poverty that it has achieved.

Other Priorities

A conversation with Alex, Cloud Loan's Director of Operations, provided another perspective on Cloud Loan's loose business appraisal processes. Alex had joined the organisation several months previously, from a larger African MFI. I had asked him about his first impressions of the organisation and its operations, to which he responded that,

> "There is often a lack of understanding about what microfinance is and what it can really achieve. Microfinance, done well, can put bread on the table…but businesses fail, clients use loans to pay school fees, and that's okay…For some, loans help clients to balance their lives, not build businesses."

Continuing on this theme, he explained that business appraisal therefore wasn't a priority for him. As the direct line manager of Cloud Loan's Regional Managers, and through them, all branch staff, he was well positioned to encourage branch staff to think similarly, offering one explanation for the way that I had observed these processes being deprioritized. As one of the most senior members of staff in Cloud Loan, with responsibility for operational strategy and delivery, Alex speaking so candidly had seemingly created something of an informal, policy, in contradiction to the official policy and external messaging. If, as appeared to be the case, the informal policy was considered by staff to be more effective, this raises questions as to why the contradictory formal policy continued to play a central role in the organisation's narrative. The first explanation that I propose is that staff responsible for crafting these messages are removed and disconnected from the reality of the programmes that they are describing. It is this issues of internal accountability and relationships that I discuss in the next chapter, arguing that poor information flows and relationships internally can undermine efforts to be accountable to external stakeholders. The second explanation links back to Nina's comments, and the wider appeal of Bottom Billion Capitalism, that the inclusion of business support distinguishes microfinance from other NGOs and approaches to development, offering an appealing narrative to potential donors and supporters.

Venture Loans

Within the walled complex that was home to both Cloud Loan's African Head Quarters, and the first Central Region branch office, there was a large room, with the size and layout of a school classroom. On my first visit, the room already had an abandoned feel to it, with no working bulbs in the light fittings, and cobwebs on the windows. This was an impression that grew over subsequent visits, as it seemed to become a store for broken tables and chairs. As discussed in the previous chapter, the then three-person Social Performance Management team had been working in a tiny cramped office, with other staff working in similarly confined quarters, and commenting that they not only didn't have sufficient space to work, but also had nowhere to store their paperwork and files. Over my time with the organisation, construction began on a third building, behind the two existing structures, which would, I was told, go some way to addressing these issues by providing additional staff offices. Despite these pressures and concerns, however, this large, spacious room remained unoccupied. During my second visit to the complex, I asked Harriet, a member of the Head Office staff, about the room. She explained to me that this room had been built to accommodate meetings and training sessions for clients participating in Cloud Loan's Venture Loan programmes. This was the first time I had heard of this programme, and asking for more information she continued to explain that the venture loan programme was an umbrella term used by Cloud Loan to describe a range of initiatives in which the organisation had been, and was currently, involved. Like the normal loan products, these initiatives centred around giving loans to clients for the purposes of business investment, but unlike the normal products, these loans were accompanied by strict instructions on the nature of business into which they should be invested. Similarly, while with normal loans, clients are free to spend the funds as they wish, venture loans were usually granted in the form of inputs rather than cash, with the value of these supplied inputs being repayable over the period of the loan. By the time I started this research, the only venture loans still being offered were to support agriculture and aquaculture, but in the early 2010s a range of loans had been offered, additionally supporting ventures in solar technology, and sewing and knitting. These wider activities had, however, not officially ended. Harriet continued to explain that part of the room was still designated for venture loan activities was that some of the venture loan initiatives has ended because the volunteer coordinating activities had left and not been replaced, or because a phase of funding had ended, and there had been no word on the future of the project. As such the wider programme was in limbo.

Having heard loan officers and other staff speak so fervently against the idea of providing guidance on the nature of business in which their clients should engage, I had been surprised to encounter such an interventionist initiative. These represented two markedly different approaches to achieving the organisation's objectives around business creation and development. The existence of these loan products also appeared to challenge my theory that the organisation was not overly interested in the business activities of their clients, or how they used their loans. Discussing these initiatives with Alex, however, perspectives arose that altered my perception of the products, and brought out that as well as being a different type of loan, these initiatives also brought with them new sources of funding, seeming to confirm a greater interest in securing funding than supporting businesses. A complaint frequently raised by Malawi based staff was that the UK team would too often launch new initiatives without giving sufficient consideration to how they would be implemented by staff in-country, and how compatible they were with wider operations. These venture loan products were common sources of complaint in this regard. One initiative of which Alex was particularly critical was the solar technology project. This project had involved recruiting specially selected clients, chosen by Cloud Loan for their proven ability to manage and repay normal loans in previous cycles. These clients would then be given solar panels, and were encouraged to establish a business based on charging customers to recharge phones or other appliances using the panels, or renting them out to other homes and businesses. Cloud Loan had been approached to be the implementing partner in Malawi for this wider international initiative and, Alex explained, the invitation had been accepted without consultation with the staff and teams who would be responsible for overseeing the project. Reports on the initiative portray the solar loans as having had a positive impact on the lives of participating clients, with a 2014 study of the project documenting one client's claim to have, "made so many sales that she had ended up being able to build three houses: one in her village, one for her family and one in her parents' village." (Davies, 2014: 215). For Alex, however, while he confirmed that such achievements were possible, his concern was that they were not achievable at scale. "It's a distraction", he described,

> "We have too many little projects. They bring funding, but they take a lot of time. We need to be strengthening and consolidating what we do, not always adding new things…that doesn't work for funders though, they want new and exciting. Innovative, that's what they always ask for."

A loan officer in a participating branch similarly commented that these loans required a far more hands-on approach with clients. The additional time that this demanded, he explained, was substantial, and caused other areas of work to be neglected. "If this is how they [Cloud Loan Head Office] want us to work, then they need to give us more resources", he commented. Chapter 5 further explores some of the internal tensions created and exacerbated by these venture loan products. I had asked to see the project documents for these venture loan initiatives, but was told by all those whom I asked that they did not know where such records were held. As such, I was not able to access the budgets for these programmes, and see how funding had been allocated. In Chapter 6, however, I discuss Cloud Loan's engagement with online funding platforms, and observe that while these platforms brought in additional income, they also increased the workload of staff in participating branches, yet these branches were not given additional funding to manage these demands. The loan officers' complaints about the additional burden that these venture loans imposed on branches suggests a similar lack of devolved resources, supporting the observations of loan officers, raised in Chapter 5, that head office staff, in London and the African Head Quarters, do not understand the demands of the organisation's frontline service delivery.

The preservation of resources for venture loans, such as the training room that I describe in this chapter, despite uncertainty about if or when future funding will come to support this work, also illustrates some of the issues with this funding model, as particularly extolled by Alex: while it may be superficially cheaper than commercial borrowing, these projects placed demands on already stretched resources, and fuelled frustration between teams.

Client Training

Alongside these processes of business appraisal, the second means by which Cloud Loan sought to support successful, income generating businesses was through their provision of client training. As the organisation describes in a report to a major donor,

> "A crucial part of [Cloud Loan's] work and something that differentiates us from other microfinance organisations is the training and mentoring we provide our clients…The training is designed to be simple, interactive and fun, and can quickly and effectively stimulate productive changes in clients' businesses, leading to long-term social and economic outcomes."[26]

In contrast to the business appraisal processes which, as the previous section described, were not prioritised by individual staff or the wider organisation, client training was among the most visible components of Cloud Loan's work. As described in the introduction, Cloud Loan clients repay their loans in regular instalments, with the group gathering together, usually every two weeks, to pool their contributions. At each of these repayment meetings, the Cloud Loan loan

[26] Cloud Loan 2012, report requested by a major donor (Cloud Loan Source 4.4)

officer also delivers a module of the organisation's client training programme. Echoing the pride with which Cloud Loan talk of their use of the PPI tool, descriptions of their training offer feature prominently in the organisation's own literature and reports, and it was one of the first components of the organisation's work that Matilda, the London based SPM Manager, introduced me to, prior to my first visit to Malawi. It had been she who had led on the development of these standardised modules, which were being delivered by loan officers across Malawi. One of the challenges that the organisation faced, she explained, was that their clients may not be accustomed to managing money in a way that would enable them both manage repayments, and make the most effective use of their loans. Working with external consultants, therefore, she and her team had sought to devise a curriculum that would build clients' capacity to run their businesses more effectively, and plan how to save and reinvest generated profits. Such concerns around financial illiteracy were also raised in my meetings with representatives of the Reserve Bank of Malawi[27], and the Ministry of Finance, Economic Planning and Development, with the latter's Principle Economist, Golden Nyasulu, raising that this was both one of the greatest barriers to financial inclusion in Malawi, and also one of the greatest risks of microfinance. While he believed that the technology offered many benefits, debt could, he continued, cause great harm to clients, socially and economically, if they did not receive support and training to manage that loan effectively. It is within these ambitions of protecting their clients and enhancing the impact of their loans that Cloud Loan frame their client training offer.

Why train clients?

While the provision of such training by MFIs is not uncommon, it does represent a source of some controversy within the microfinance sector. In his writing on experiences in rural Bangladesh, which inspired the establishment of the Grameen Bank, Muhammad Yunus describes;

[27] See, for example, the Reserve Bank of Malawi's financial literacy initiatives https://webcache.googleusercontent.com/search?q=cache:jHs0Na3fiLoJ:https://www.rbm.mw/home/getcontentfile/%3Fcontentid%3D7903+&cd=1&hl=en&ct=clnk&gl=uk

> "I firmly believe that all human beings have an innate skill. I call it the survival skill. The fact that the poor are alive is clear proof of their ability. They do not need us to teach them how to survive; they already know how to do this. So rather than waste our time teaching them new skills, we try to make maximum use of their existing skills. Giving the poor access to credit allows them to immediately put into practice the skills they already know" (Yunus, 2003: 225).

Yunus is clear in his assertion that it is a lack of access to finance that is constraining entrepreneurial activity, which, in turn, is perpetuating poverty. Stopping this cycle can, he proposes be achieved by addressing the lack of access capital, and allowing the natural entrepreneurialism of clients to flourish. Karlan & Appel, however, levy particular criticism at Yunus for promoting a romanticised notion of the micro-entrepreneur, which, they argue, pervades much of the popular discourse on microfinance. The pair continue that drawing comparisons between highly successful business people and microfinance clients, as Cloud Loan sought to do in their televised appeal video, obscures that fact that "most microfinance clients are entrepreneurs not by design but by necessity" (Karlan & Appel, 2011: 92), and as such, it would be foolish to assume that they will all have the skills required to manage a thriving and profitable business. Blowfield & Dolan (2014) similarly argue that supposedly natural qualities of latent entrepreneurs are, in fact, produced. Having identified poverty as a technical issue, they continue, initiatives of Bottom Billion Capitalism create a particular role for experts and expertise in this production process (Blowfield & Dolan, 2014).

Sievers & Vandenberg (2007), Mosley & Hulme (1998) and Gulli and Berger (1999) are among those who also promote the importance of client training, arguing that if the ambition of the organisation is to bring about social change, then the provision of credit alone will be insufficient. Building on this argument, Field *et al* (2010) and Karlan & Valdivia (2011) propose that it is often not a lack of access to credit that is constraining women's business activities, but rather it is the lack of a means to utilise that credit due to deficiencies in opportunity and knowledge. Fisher & Sriram (2002) expand on these arguments, highlighting the limitations of credit alone in their statement that,

> "While credit may initially be the ruling constraint for micro-enterprises, for them to grow beyond a certain size, other constraints come into play, for example of markets and managerial capacity. Microenterprises are therefore unlikely to grow significantly without inputs that can address these additional constraints" continuing that where such additional support is not provided "The availability of credit has taken the entrepreneurs beyond their capacity to manage their businesses effectively" (Fisher & Sriram, 2002: 75)

Among the four other Malawian MFIs with whom I engaged in this study, opinions on client training were similarly split. While two of these organisations included programmes of client training, similar to Cloud Loan's in their work, representatives from the other two lenders aligned themselves more closely with Yunus' view, with the Managing Director of one organisation commenting that she saw the role of her organisation as being, "to make credit more accessible, not to interfere with the ways in which it was used", and that, "we trust our clients". This comment illustrates a contradiction in Cloud Loan's work in this area. While loan officers expressed surprise at the thought of offering clients guidance on the nature of business that they should pursue, on the grounds that doing so would be overly interventionist, the offering of credit in the form of business loans, and the requirement that all clients attend regular training on how they should manage their business, and wider financial affairs, represent a selective approach to such interference.

Measuring Effectiveness

The client training programme represents a significant investment of time and resources for Cloud Loan. As the account of a repayment meeting in the following chapter demonstrates more fully, the delivery of training is one of the key tasks required of loan officers in their often lengthy meetings with clients. Beyond this direct delivery, however, Matilda reported that the development of the training modules had been a major task for her and her team across several months, and the creation and production of teaching aides similarly consumed time of staff in branches and the African Head Quarters. While, as Karlan & Valdivia (2011) raise, such investment can be valuable if it enables the organisation to build the capacity and knowledge of their clients, such benefits are not automatic. Rather, to be effective, the training must be relevant, understood and acted upon.

In my early conversations with Matilda, I had asked whether the organisation had any processes for tracking and evaluating the impact of these training sessions, and after a short pause, was told simply that, "We know that when this programme of training is completed, the clients benefit". While the organisation had, she continued, sought to integrate best practice in the design of the training, no research or routine monitoring and evaluation had or was being undertaken around this area of the organisation's work. Despite the theoretical support for client training, as outlined in the previous section, its effects are not necessarily as automatic as Matilda suggested. Karlan & Valdivia (2011), for example, document a randomised control trial of a client training programme, undertaken with a Peruvian MFI, FINCA-Peru. From this work they concluded that, "We find little or no evidence of changes in key outcomes such as business revenue, profits, or employment." (Karlan & Valdivia, 2011: 510). As discussed in the context of business appraisal, however, the lack of information that Cloud Loan capture on their clients' businesses would make tracking change, let alone attributing impact from training, almost impossible within their current monitoring and evaluation and knowledge management systems. Phrased differently, Cloud Loan do not seek to hold themselves accountable for the impact of their client training.

Client Input

My observations of the client training programme also raised questions around the degree to which Cloud Loan were accountable to their clients in this area of work. Just as the training programme represents the dedication of significant time from members of staff across Cloud Loan, so too does participating in training sessions require a regular time commitment on the part of clients. As was illustrated on a group visit in the Southern Region, however, Cloud Loan did not always show respect for the time and wider commitments of clients. On this visit, only six of the group's 16 members arrived for the meeting. I asked the loan officer after the meeting why so few had been present, and he explained that for this group, that was normal, as the timing of their regular meeting coincided with that of a market in a nearby town. Attending the meeting would therefore have meant missing-out on the opportunity to sell at the market which would have been a particular problem for the many members of the group whose businesses centred around selling produce, clothing, or other items. When I asked why this schedule had been established, and was continuing in the face of a known conflict, the officer explained that this was the only time that he had available to meet with the group. The branch, he continued, was short-staffed, and he had had to squeeze this group in to his already full schedule, following the sudden departure of one of his colleagues. This encounter was not unique, as on several group visits clients voiced their frustration at being called away from work at particularly busy times. Such frustration was exacerbated by being kept waiting by loan officers who, as is discussed throughout this piece, would often arrive late for meetings, due to issues of over-scheduling. Building on the previous observations that little is known of the impact of client training, it is similarly difficult to assess whether training constitutes a valuable use of clients' time, or whether this form of delivery is the most appropriate and effective.

Considering further the matter of accountability to clients, and to the achievement of ambitions around business development, a question that I had was whether Cloud Loan's training offer included matters that were relevant, useful, and of interest to their clients. The modules themselves had been developed without input from clients, or those closest to clients, the loan officers. Matilda relayed that she had herself spent considerable time working from Cloud Loan's offices in Malawi, and had drawn on this experience to craft the curriculum, but the programme was developed in a context removed from where it would be delivered. The training was also standardised, with the same sessions being delivered across the country, regardless of the clients' context or experience. While some modules contained exercises where clients were invited to reflect on how the issues raised applied to their own businesses, there was no opportunity for an individual or group to raise a particular issue that they had encountered or were struggling with, and receive specific training on how that matter could be dealt with. Furthermore, no information on previous training that the individual may have received from other organisations, or their level of education is solicited. Such variables Field *et al* (2010) discuss can influence greatly what training content the individual will find most useful, and the means of delivery that will be most effective. Finally, while is common and encouraged that clients will return for multiple Cloud Loan loans, in every loan cycle, they will receive the same training programme. When I questioned Matilda on the decision to repeat content, rather than offer a graduated training programme, her response was to explain that clients would take different messages from the training as their business and experience grew, and that repeating the content enabled a greater depth of understanding. Abeysekera (2015), however challenges the effectiveness of such an approach, emphasising that the needs of clients who are setting-up and launching their business will differ greatly from those of clients with more mature enterprises that they are seeking to expand. No one training offer, he continues, can hope to adequately service both groups.

Through this process, clients are positioned as passive recipients of the service, rather than as active agents. Though Cloud Loan present the creation and development of micro-businesses as being at the heart of their ambitions, this is not an objective that any MFI can achieve without the input and support of other actors. Most significantly, it is the clients who must translate the loan and support into business outcomes, and for the client the loan will be only one of a number of inputs and influences that shape their business and its productivity. For the ambitions to be effectively achieved, actors must therefore seek to collaborate and coproduce the desired outcomes. Abeysekera highlights the importance of client training as an arena in which such coproduction is essential if desired outcomes are to be achieved. Improved client participation in the design of training would, he continues, better enable clients to receive appropriate support, which will help them to achieve greater productivity and success in their businesses (Abeysekera, 2015; Abeysekera *et* al, 2017). These issues of downward accountability are explored further in Chapter 8.

This effective elimination of the individual in favour of routinization and mass processing reflects Lipsky's 1980 observations of street-level bureaucrats. While, he observed, personalised and tailored support is often what is most needed by the client, frontline workers will often find themselves forced to engage with their clients as collective units. Echoing observations made in this chapter, and throughout this thesis, constraints such as the undertaking of prescribed tasks, resource constraints, and the prioritisation of certain key performance indicators can encourage this tendency to overlook complex individual needs, in the interests of efficiency.

Staff Skills and Capacity

In accordance with Cloud Loan policy, all training was delivered by branch staff during repayment meetings. While it was most commonly the loan officer who would manage these meetings, on occasion branch managers would work directly with groups, usually when their team was short staffed. Simon, the Senior SPM Officer, had explained to me that this was considered to be the most efficient means of delivering the training as, as was recounted in the previous chapter, a loan officer could undertake multiple tasks in a single visit. These tasks ranged in nature: Some were administrative, requiring careful recording of information around loan details or client case studies. Some required the officer to act as a mentor or counsellor, helping clients to work through tensions either within the group, or with Cloud Loan. Others, including the training, required presentation and facilitation skills, as well as subject knowledge. Within such a broad skill set, it is to be expected that each loan officer will be stronger in certain parts of the role than others. In the context of training, the skills and experience of the loan officer have been shown to play a significant role in the effectiveness and impact of that training. Abeysekera *et al* (2017), for example, cite the findings from a 2001 study of a Colombian MFI, where the skills and experience of those delivering client training were raised as key factors and determinants of the initiative’s success. It is argued that such factors influence not only the impact of that training, in terms of conveying knowledge to clients, but also the degree to which the training will be collaborative and responsive. These latter issues, as previously discussed, can be influential in enabling clients to demand the training that they need and want, but also, as Gibb (2009) and Abeysekera *et* al (2017) also argue, clients may find the opportunity to learn from their peers as valuable as the formal training delivered by the loan officer. Without appropriate facilitation by the officer, however, opportunities for such interaction may be lost.

While Matilda had explained that the standardised training programme was a means of overcoming such variabilities, in my time with Cloud Loan, I observed the difference that the officers' skills, confidence, and experience could make on the client training sessions. The group meetings that I attended usually lasted between two and two and a half hours. Within this time, the training component would typically take between 20 and 30 minutes. During my time in the first Southern Region branch, however, I visited several groups with Thomas, one of the office's recently hired loan officers. As was the case with many of Cloud Loan's loan officers with whom I met, this was Thomas' first role in microfinance, and his first job since completing qualifications in business and finance. On our first visit, we travelled to meet a group that he had recently taken over from one of the branch's other officers, and whom he had only met with once previously. It took us some time to find the group's meeting place, which was in a large but completely empty hall, hidden behind an ornate Catholic church. As a result, we were approximately 30 minutes late to meet the group, and as we arrived, Thomas seemed flustered. Prior to formally opening the meeting, there was none of the informal chatter and interaction that had preceded other group meetings that I had attended. Instead, the members sat in silence while Thomas unloaded his files, and began systematically working through his list of tasks. These completed, proceedings moved to training, which this week was to cover pricing. I had seen this module delivered several times previously, in other offices. Usually, the loan officer would distribute laminated sheets with symbols reflecting key areas of consideration when calculating the costs of running a business: a seed to represent inputs, a van for transporting goods, a stall for selling, and Cloud Loan's logo to represent loan repayments. Clients would be encouraged to use dried beans, stones, or leaves allocating each a monetary value, and placing them next to the relevant symbols in numbers that reflected the costs they incurred at each stage. In previous sessions, the group had split into smaller groups of three or four, discussing the various costs incurred in their own businesses. This had tended to be one of the more interactive training sessions, with the groups' engagement in the tasks evident in the chatter, and the movement of the counters around the sheets. In this session, however, the same laminated sheet was used, but rather than it being a tool for group interaction, it was held up by the Thomas, who, using the sheet as a visual aid, proceeded to explain the importance of considering all costs incurred in running a business, and ensuring that the price charged would cover these costs and still allow a profit. While this was the same basic message that had been conveyed through the more interactive approach, Thomas later told me that he preferred his style as it was more time efficient. In particular, he felt that standing at the front and lecturing allowed him more control over the session as, he continued, it could be difficult to bring the group back together if they were all involved in their own, small group discussions. Following the presentation, there were no questions or comments from the group, and in total the training component of the meeting had taken no more than 10 minutes. This experience illustrated the difference that a loan officer could make to even a standardised training, but also raised the potentially conflicting priorities that loan officers were faced with. At no stage is clients' feedback on the performance of their trainer, or their experience of the session, proactively sought. While there is a phoneline service that can be used by clients to raise concerns with, or feedback on, any aspect of Cloud Loan's work, as Chapter 7 discusses, this is little used, and the records to which I had access showed no contacts regarding training. In contrast, as will be discussed further in the following chapter, staff are constantly encouraged to reach more clients and disburse more loans, with financial incentives being offered for such achievements. It was such quantitative achievements that loan officers were held accountable for delivering through Cloud Loan's performance management and KPI systems, rather than matters related to how their work supported the creation and development of their clients' businesses, or poverty reduction.

In my conversation with the CEO of another microfinance NGO in Malawi, we also discussed the diversity of tasks undertaken in the field, and the competing demands faced by loan officers. His organisation, he explained, had made the decision to divide the activities equivalent to those undertaken by Cloud Loan's loan officers, across two roles. As in Cloud Loan, loan officers worked with specific groups, taking responsibility for all matters related to loan applications, management and repayment. Working alongside them, however, a dedicated team of training officers had been created. These training officers would visit loan groups separately from their loan officer colleagues, and deliver the organisation's client training programme. This division, the CEO explained, served two purposes. Firstly, it enabled the organisation to be more focused in their recruitment, engaging those with particular skills in delivering training and supporting micro-entrepreneurs into those roles, and for these specialist officers to deliver the training without distraction of other responsibilities. Having previously worked in and with other MFIs, the CEO opined that this model offered the most effective means of supporting clients in their business endeavours, but conceded that they had not undertaken significant research or evaluation on its impact.

The second benefit, he continued, was that dividing responsibilities in this way meant that clients were regularly interacting with two different representatives of the organisation. As will be discussed in later chapters, my time with Cloud Loan coincided with the organisation responding to multiple instances of staff fraud. The majority of these cases had occurred at the branch office level, with various staff reflecting that clients' engagement with the organisation was largely through their loan officer and away from Cloud Loan offices, giving the loan officers significant freedom and power. Some officers, it had been discovered, had abused this power, creating 'ghost clients' in order to access loans for themselves, or on rare occasions, stealing from clients. In Chapter 8, I raise that Arthur, Cloud Loan's Head of Internal Audit, had proposed introducing a model similar to this other NGO's, as, he explained, having two staff regularly engaging with clients would lessen the power and autonomy of the loan officers, providing a regular check on activities and engagements in the field. This proposal had, however, been rejected by Cloud Loan management, with Arthur surmising that the additional cost that the change in approach would incur had been the most significant factor in the decision. Here again, therefore, the conflict between achieving social impact and financial efficiency can be observed, with an approach that may result in more impactful training, and bring wider benefits for the clients and organisation, being rejected on the basis of cost.

Wider Motivations

In the previous discussion of business appraisal, I proposed that these processes could be seen as being more integral to the organisation's image, and external presentation of itself, than reflective of the ambitions of those responsible for delivering Cloud Loan's services. As the above describes, my observations of Cloud Loan's client training programme bring to light many of the same issues. Here again, therefore, questions must be asked about why the training is being done.

Given the prominence of accounts of training in donor reports and wider materials, I propose that its inclusion may be an effort to conform to the expected and appealing Bottom Billion Capitalism narrative. As Golden Nyasulu raised, there are risks associated with loans and debts, of which individuals and institutions in the global north are all too aware, so the inclusion of support through training allows the organisation to reinforce their narrative commitment to supporting entrepreneurialism, and signal to potential supporters that these risks have been considered and are being managed. To explore this idea, I had hoped to include a survey of Cloud Loan's supporters in this research, but despite the organisation being initially supportive of this work, permission was later refused by senior management. Nonetheless, conversations with various members of the fundraising team lent credibility to this theory, describing as they did the appeal of, and positive feedback that they had received from supporters on, this dimension of the organisation's work. In the branch offices too, I observed that officers were more attached to the idea than the practice of training. In the second Southern Region branch, for example, where several group members were repeatedly missing their repayment meetings and training sessions, the loan officer had commented that their being present for training was not a priority for him, and that as long as they sent their repayment contribution with another member, there was no reason for him to take action. In contrast, however, when asked directly about whether training was important, another loan officer's response that, "The training and support is what sets us apart from banks. We are not only interested in their money" was typical. Its existence seemed to be a way of signalling the organisation's ambitions of social impact, regardless of whether or not it contributed to their achievement.

Beyond such benefits, in exploring the issue of client training, Sievers & Vandenbeg (2004) observe that its inclusion in programmes can also bring benefits for the organisation. "An MFI may benefit" they explain, "if [training] helps its clients to better service their loans…This, in turn, could improve the quality of the institution's loan portfolio and its overall sustainability" (Sievers & Vandenberg, 2004: 1). Such an interpretation positions the clients as subjects to be governed, whose behaviour must be regulated and discipline imposed as a means of mitigating the risks to the lender (Roy, 2012; Maurer, 1999). Such sentiments can be seen reflected in the previously raised assertions that clients may be unfamiliar with managing the sums of money that they receive in the form of loans, making training and support essential. Looked at another way, however, this training, rather than being valuable for its content, provides the location and space for clients to be produced as subjects (Rankin, 2008; Roy, 2012). As Blowfield & Dolan (2014) raise, in delivering training the loan officer is positioned as the technical expert and authority figure. With loan officers reporting that they had little in the way of incentives and penalties to offer and impose on clients as a means of ensuring that timely repayments were made and rules followed, such authority could be invaluable in enforcing order.

Conclusion

In this Chapter, I explored the means by which Cloud Loan seeks to hold itself accountable for one of its two articulated ambitions: supporting the creation and development of profit making enterprises. As was raised in the discussion of Bottom Billion Capitalism, such work is a defining feature of this popular approach to microfinance, stemming as it does from an understanding of poverty as being the result of market failure and exclusion. These are ideas that have permeated Cloud Loan's narrative of their work, as they seek to distinguish themselves from wider, charitable endeavours, emphasising that they are 'giving hope, not handouts'. In their promotional materials and presentations, there is an emphasis on telling the stories of individual clients who have been able to change their own lives, and the lives of their family members, through making judicious use of a loan, and establishing a thriving, profitable business.

I argue in this chapter that, despite the frequent repetition of this ambition, aims of supporting the creation and growth of micro-enterprises exist as part of the organisation's efforts to create a compelling and attractive brand, rather than as ambitions central to operational decision making and activities. While these priorities informed, to a significant degree, the interactions between Cloud Loan and their clients, structured as they were around tasks such as client training, what I observed what that, with few exceptions, Cloud Loan had minimal understanding of their clients' business ventures. When clients take their first loan, for example, the organisation does not capture information such as the current scale and profitability of the venture, or the experience of the client. As such, it becomes impossible for the organisation to systematically track, and claim credit for, the impact of loans in these ventures. Furthermore, Banerjee *et al* (2014) observe that the existence of a business before a loan is taken is a key determinant of the success and impact of microfinance. By not collecting such information, from clients, opportunities to target and tailor interventions are being lost. Similarly, while significant staff and client time is devoted to the delivery of training modules, designed to support clients to establish and grow their businesses, there is no evaluation or understanding of whether these modules are appropriate, or effective. The requirement for loan officers to devote time to training and related tasks, and the wider pressure faced by branch staff to reach greater numbers of clients, also means that officers have less time to get to know their clients, and understand their business ventures and challenges.

Despite the prominence of imagery and stories of business creation and support in the organisation's public narrative, these were not ideas prioritised by Cloud Loan's Director of Operations, who instead asserted that loans helped to, "balance lives, not build businesses". This assessment was indicative of my argued explanation for Cloud Loan's voiced ambitions in this area, namely that it offered a compelling and attractive narrative for donors. As Nina has raised on this subject, business people understood business, and found the idea of supporting people in poverty through supporting their business ventures to be compelling. In the face of high profile criticisms of aid being unsustainable or even harmful, business focused microfinance can offer an alternative story, attractive to new and existing donors. As Roodman observed, "If the donors respond more to stories than statistics, then aid forms that generate better stories will get more money" (Roodman, 2011).

This leads to a quandary, faced by actors across international development, and beyond. On the one hand, there is a mismatch between what Cloud Loan say they are doing, and the reality of their priorities and actions, leading to the conclusion that they are not being accountable to their donors and supporters. On the other hand, by constructing this story, Cloud Loan are able to access and win funding. Conversely, as Gray (2001), Owen *et al* (2001), and O'Dwyer (2005) raise, being truly accountable often requires an organisation to accept a degree of 'hurt', in that they must face the consequences, in terms of funding and support, if they deviate from a more appealing story.

Such a decision would have consequences too for the organisation's clients. While the next chapter raises further questions about whether funds are reaching the poorest and most marginalised people in Malawi, it is undeniable that those they do reach are living in poverty, and are in need of support. Furthermore, clients are returning, cycle after cycle, and it would be deeply patronising to assume that they would be returning if they didn't find the product in some way valuable. Given the amount of time and resources channelled into constructing this story of business support, however, there are questions to be answered about whether this form of microfinance represents the most appropriate and effective intervention.

Chapter 5: Poverty Reduction

In the first weeks of this research, as I sought to familiarise myself with the organisation's work, I took the opportunity of being in London to visit Cloud Loan's Head Office. Located in an affluent, London suburb, the organisation's home was a small office, in a picturesque row of converted houses, which Cloud Loan was soon to outgrow and leave behind for a larger, commercial unit, further out of the city. Arriving at the office, I was met by Liam, Cloud Loan's then Head of Operations. While Liam was based in the UK, he held direct management responsibility for Cloud Loan's country managers, and was also responsible for programme strategy. Clearly knowledgeable and passionate about microfinance, Liam started our conversation by offering an overview of Cloud Loan's history and work, repeating many of the stories and claims that populated the organisation's website. Central to these was the claim that while supporting business and enterprise was how they did it, what Cloud Loan were doing was reducing poverty in the communities where they worked. The case that he presented for such action was compelling: Echoing many of the issues and statistics that I raised in Chapter 2, he talked of the country's low ranking on the UNDP Human Development Index, the high proportion of the population deemed to be living in poverty, and the vulnerability of large parts of the country to worsening poverty. At the individual level too, Liam shared stories of the clients whom he had met on his visits to Malawi. With clear emotion, he talked of the impact of disease, particularly HIV and AIDS, which had affected many of those with whom the organisation worked, either directly or indirectly. It was common, he explained, for Cloud Loan's clients to be responsible for the children of family members and neighbours, who had been orphaned by disease, putting additional pressure on already stretched households. He also spoke of the limited opportunities open to those living in poverty, reflecting that with education being prohibitively expensive for many, he saw limited hope for improvement without intervention and assistance.

Providing such assistance, and addressing these challenges of poverty was, Liam reiterated, the reason for Cloud Loan's existence, continuing that the organisation's approach in this regard had been highly effective. Building on this comment, I asked Liam more about this claim of effectiveness, and the organisation's approach to monitoring and evaluation and impact assessment. His fast response what that the organisation used the PPI tool, and that the use of this tool was, "an indicator of the quality of our organisation's work, and our commitment to ensuring social impact". The PPI tool to which he was referring was the Progress out of Poverty Index, which he went on the describe as being "the gold standard in social performance management" in microfinance. "We are leading the sector in Malawi", he continued, "we have made managing and achieving social impact central to our purpose and operations through the creation of a Social Performance Management team". As I pressed for more information about the use of PPI, and the organisation's social performance management more generally, however, Liam became evasive, before conceding that he did not know the detail of work in this area as it was led by his colleague Matilda, the London based Social Performance Manager, who worked directly with a small team in the African Head Quarters. Matilda had, however, recently started her maternity leave and the decision had been made not to cover her post for the year that she would be away. Instead, Simon, the Malawi based Senior Social Performance Management Officer, had taken on lead responsibility for work in this area, and an intern in the London office, Anna, was to be promoted to a paid Programme Officer position, acting as a link between Simon's work in Malawi, and operations in the UK, among other responsibilities.

This presented a puzzling contradiction. Having heard Liam speak with obvious pride about the organisation's commitment to poverty reduction, and to using a technique that he considered to be 'best practice' as the means of holding themselves accountable for achievement in this area, I had now learned that resources for this work had been reduced, with a particular loss in technical expertise, and that it had been distanced from the strategic centre of the organisation. While I would see in my time with Cloud Loan that both Simon and Anna brought great commitment to their work, as is raised in this chapter, and this thesis more generally, Simon's role in particular came with an already impossible workload, even before the addition of these new responsibilities.

Anna too had other demands on her time, and was herself new to using the PPI tool, so could not provide the support and expertise that Matilda had brought to the role. Furthermore, as had become clear in my conversation with Liam, he, as the senior officer responsible for operations and in-country activity, was not familiar with the intricacies of PPI, instead relying on Matilda's input to inform practice and policy where necessary. In Matilda's absence, I would see, and others confirmed that, the requirements and outputs of this work had less visibility and status in the strategic and fundraising concerns which occupied the Head Office. In discussing this issue, two different Cloud Loan staff members would later, separately tell me that the reason Matilda's post was not being covered was down to costs, and a desire to save money. This raises the question that is at the heart of this chapter: while Cloud Loan repeatedly express their commitment to reducing poverty, and evidencing their impact in this area through the use of PPI, does their practice in this regard reflect these aspirations, or have the ambitions and tools been adopted as a means of conforming to the expected and appealing narrative of microfinance?

Introduction

Following my meeting with Liam, and his introduction of PPI, I sought to learn more about the tool, and how it was used at Cloud Loan. In reviewing various publicly available reports and media, I encountered frequent references to the approach. On Cloud Loan's website, for example, I found an explanation that the Progress out of Poverty Index was the means by which the organisation could measure how poor their clients were, and whether poverty levels changed over the course of an individual's engagement with the organisation. The statement continues by emphasising that with such information, Cloud Loan are able to ensure that their products and services are designed in such a way as to maximise contribution to poverty reduction[28]. This description highlights the importance of PPI in understanding accountability in Cloud Loan, raising as it

[28] Cloud Loan Website (Cloud Loan Source 5.1)

does that this it is the means by which the organisation seeks to know whether or not they are doing what they say that they are doing: reducing poverty.

This Chapter will begin by exploring Cloud Loan's ambitions around poverty outreach and impact, before moving on to introduce the origins of social performance management work in the organisation, and how this work was inspired by dual ambitions of better understanding outreach and impact, and of making the organisation more attractive to larger donors. Following an overview of the tool itself, I then present my observations of all stages of the PPI process in Cloud Loan, from the data collection by loan officers in the field, through processing in the African Head Quarters, to how the information is ultimately used. Through this discussion, I observe that recurring themes of time and resourcing re-emerge, as do concerns around internal communication within the organisation. I end this chapter by arguing that PPI is most valuable to, and valued by, Cloud Loan as a means of signalling their commitment to poverty reduction, and that they are an accountable organisation, over and above the outputs and insight that the tool offers.

Aspirations of Outreach and Poverty Reduction

As Liam raised in our meeting, the establishment and development of profit making enterprises was not something that Cloud Loan sought to undertake as an end in itself, but rather as a means of achieving poverty reduction. Central to the organisation's theory of change was that by offering loans and training to support the establishment of such businesses, clients could increase their income, and bring about change for themselves, their families, and their wider communities. These ambitions are reflected in Cloud Loan's articulation of their mission as an organisation, which is given on their website as being to support the poorest women in Africa to lift themselves and their families out of poverty[29]. This statement echoes the ambitions of Bottom Billion Capitalism, discussed in the previous chapter, placing responsibility, as it does, on individuals to help themselves and their communities out of poverty. The

[29] Cloud Loan Website (Cloud Loan Source 5.2)

statement also sets out a clear ambition about who the organisation aims to help: the poorest women in their countries of operation. Targeting this group, however, requires a clear understanding of who 'the poorest' are.

Like 'accountability', despite it being the subject of much study, discourse and writing, there is no simple, universally agreed upon definition of what 'poverty' is, or how it can be reduced (Ravallion, 2008; Alcock, 2006). "Poverty, like beauty" Orshansky reflects, "lies in the eye of the beholder" (Orshansky, 1969: 37), or as Walker (2015) observes, "While people generally recognise poverty instantly when they encounter it, they often find difficulty in saying precisely what it is" (Walker, 2015:1). Highlighting the range of issues commonly captured within the term, the report from the 1995 UN World Summit on Social Development states that,

> "Poverty has various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihoods; human hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterised by a lack of participation in decision making and in civil, social and cultural life" (UN, 1995: 38)

Given such breadth and ambiguity, actors can define and frame the concept in the manner most appropriate or conducive to their experience, priorities, and wider perceptions of the world. The understanding adopted in turn has implications for the approaches to poverty reduction pursued. As the previous chapter explored, Bottom Billion Capitalism, and microfinance, tend to present an understanding that poverty is the result of market failure and exclusion, thereby giving legitimacy to market-based interventions as the most appropriate means of reducing poverty. Those approaching the same contexts with a different understanding may identify different drivers and experiences, prompting alternative forms of intervention (von Maltzahn & Durrheim, 2007).

Duvendack *et al* (2011) are among those who raise the vital importance of measurement and data in efforts towards poverty reduction, and arguing that if agencies don't have a strong understanding of the contexts in which they are working, the people whom they wish to benefit, and the impact of actions taken, this can lead to inappropriate, inefficient, and even harmful interventions being pursued. The diversity and multidimensionality of understandings of poverty, however, present a challenge when it comes to measurement. As von Malzahn & Durheim (2007) contend, measurement requires specificity, and without an agreed definition, a common metric is similarly elusive. As a result, various understandings are applied, and methods of measurement pursued. The specific measures that an organisation uses are significant when seeking to understand poverty and impact reports, as they will affect on the number of people that they consider to be poor, and who the poorest are deemed to be. As Shimeles & Thoenen (2005) observe, the same scenario can be judged quite differently through the lenses of different poverty indices, making careful consideration in the selection of appropriate tools essential.

A commonly encountered criterion used to designate those living in poverty, particularly in high level development strategies and reports, remains the income based poverty line, which sets a level of income below which individuals are considered to be unable to meet the basic needs of a safe, healthy and dignified life. It is, however, a tool that has increasingly been challenged for its narrow focus, and flawed assumptions of a linear relationship with wider dimensions of poverty, such as those raised in the 1995 UN report (von Maltzahn & Durrheim, 2007; Dercon, 2005; Appleton & Song, 1999). It is in reference to poverty lines that Cloud Loan measure their poverty outreach. Within their strategies and literature, however, some confusion exists around specific targets and aspirations.

Every month, information was drawn up from all branch offices on their achievements against key performance indicators (KPIs), and collated by Anna, the London based Programme Officer. This monthly Performance Report was then distributed to Senior Management in the UK and Malawi, for their consideration. Within this report were targets for 'Poverty Outreach & Impact', the data for which was provided by Simon in the SPM team. The report expressed an ambition that the majority of Cloud Loan clients in Malawi, 55%, should be those living on less than $1.25 a day, and 91% should be living on less than $2.50. In January 2015 the organisation was reporting 49.8% and 84.3%

respectively[30]. These ambitions and achievements were, however, not shared outside of the organisation, and are contradicted in some of Cloud Loan's external representations. On their own website, for example, a page detailing the organisation's ambitions around poverty reduction explains that they are seeking to reach the 'poorest of the poor', defining this group as those living on less than US$1.50 per day[31]. Similarly, Cloud Loan's profile on one of the online funding platforms with whom they work explains that, "Business starter loans provide women living below the poverty line of $1.25/day with startup capital for small businesses"[32]. While not inaccurate, this latter description does give the false impression that Cloud Loan's services are targeted exclusively at those who fall under the $1.25 a day figure, rather than this group representing c.50% of recipients. As Chapter 7 expands upon, this is consistent with the often-misleading representations made on these platforms.

I raised the $1.50 figure given on Cloud Loan's own website with both Simon and Alex, the Director of Operations, both of whom seemed baffled by its inclusion, as this was not a category against which measures were taken or figures reported, publicly or internally. Alex suggested that the figure was most likely the result of a misunderstanding or miscommunication between the operational units of the organisation, and the London fundraising team, who were responsible for managing the website. This explanation resonated with my observation in the London office that it was Jennifer, a recent graduate who volunteered with Cloud Loan three days a week, who was primarily responsible for managing the website. Jennifer had raised in one of our conversations that not having direct access to programme and country reports, she was reliant on second hand information from previous fundraising literature, and on several occasions, this had resulted in the publication of inaccurate or out of date information. This issue of poor information sharing within Cloud Loan hindering accountability and transparency to external actors is one that will be

[30] Cloud Loan Performance Report January 2015 (Cloud Loan Source 5.3)
[31] Cloud Loan Website (Cloud Loan Source 5.4)
[32] Cloud Loan, Kiva Profile (Cloud Loan Source 5.5)

returned to later in this chapter, in the context of the way in which PPI was communicated to clients, and also re-emerges throughout this this thesis.

Social Performance Management

Cloud Loan began using the PPI tool in 2010. Earlier that same year, an external, social performance management consultant had been commissioned to undertake a review of the organisation's work, as a means of identifying, "any gaps between [Cloud Loan]'s social mission and the reality on the ground, and recommend actions to improve the organisation's translation of the social mission more effectively into practice"[33]. In discussing this work, a senior manager at Cloud Loan told me that there had been a number of motivations for instigating this review. Internally, she explained, it was felt that the organisation had gone through a period of rapid growth and expansion, and that the time was right to take stock, and review whether current operations and practices remained effective and appropriate at this new scale. Furthermore, she continued, Cloud Loan's funding at this time was largely based on the personal and community relationships of the organisation's CEO and Founder. The recent and ongoing growth in the organisation had meant that these sources were no longer sufficient, and the team were keen to make themselves competitive in applying for funds from institutional donors. In early efforts to access such funds, however, the organisation had been unsuccessful, and received feedback that their practice around monitoring and evaluation, and evidencing impact, were areas where improvement was needed. Nina, one of the London fundraising officers, would later tell me that while many of the Founder's contacts continued to give generously to Cloud Loan, they demanded little in the way of reporting and accountability, so the step-up to the demands of donors such as DFID had been a significant one. The consultant was therefore also asked to suggest means by which practice in this area could be enhanced.

I first learned of this review when I came across a summary report of the consultant's findings in Cloud Loan's internal files, during my time volunteering

[33] Cloud Loan SPM Report (Cloud Loan Source 5.6)

in the London office. Though the manager with whom I spoke had seen the full report, neither she nor her colleagues could locate a copy when I asked if I could see it. The summary, however, offered useful insight into the consultant's findings, presenting areas that had been identified for improvement and action. Foremost amongst these were his comments around poverty outreach, with the consultant identifying that, "A disconnect [existed] between the stated goal of reaching poor and very poor women, and the impression that poorer women were mostly not being reached"[34]. The report continued that, as has been raised previously in this chapter, developing a means by which the organisation could learn more about their clients would better enable them to reach their target group, and also provide the data and evidence required for funding applications and donor accountability. It was to take these tasks forward that Cloud Loan's Social Performance Management team was created, and Matilda recruited as the SPM Manager. As Cloud Loan describe on their website,

> 'Social Performance Management is how we ensure that we are achieving our ambition of helping the poorest women in rural Africa to lift themselves out of poverty, transforming their lives and those of their families.' [35]

The Progress out of Poverty Index

The way that Matilda, and her newly formed SPM team, chose to assess the poverty level of their clients was by use of the Progress out of Poverty Index, the approach that Liam had introduced me to in our first meeting. PPI is a tool for assessing poverty that has its roots firmly in the microfinance sector, though it is now used more widely, with the origin of the approach being attributed to a scorecard developed by Prizma, a microfinance organisation operating in Bosnia and Herzegovina, in 1997 (Desiere *et al*, 2015; Matul & Kline, 2003). The tool caught the attention of, and was further developed and popularised by, the

[34] Cloud Loan SPM Report (Cloud Loan Source 5.6)
[35] Cloud Loan Website (Cloud Loan Source 5.7) – paraphrased to preserve anonymity

Grameen Foundation[36], bestowing upon it a certain prestige, and best practice status within the sector. From there, its popularity has continued to grow, with tailored scorecards now available for more than 60 countries[37]. It was this associated popularity and prestige which attracted the team to the approach. As one of Cloud Loan's objectives in developing this area of their work was to appeal to donors and other powerful actors, the adoption of an approach that was known and highly regarded by this group was seen to be essential.

Mark Schreiner, the author of the Malawi Simple Poverty Scorecard, from which Cloud Loan's own tool is adapted, describes PPI as being a tool that,

> "pro-poor programs in Malawi can use to estimate the likelihood that a household has consumption below a given poverty line, to measure groups' poverty rates at a point in time, to track changes in groups' poverty rates over time." (Schreiner, 2015: 1)

The premise of the tool is that by understanding the makeup of, and assets held by, a household, an assessment can be made as to whether they are likely to be living under a particular poverty line. Central to the approach is a scorecard made-up of 10 context specific questions, each of which relate to themes that have been deemed highly indicative of wealth or poverty in the country in which the scorecard is being used. These scorecards are designed to be used as the basis for an interview with the client or individual who is being assessed. Each of the questions are multiple choice, and points are allocated against the various possible answers, weighted according to the perceived significance of the subject of the question. The result is a numerical score, which, using accompanying look-up tables, can be translated into a percentage probability that the respondent is living under a specified poverty line. As well as producing an initial poverty assessment, by repeating the interview periodically over time, changes in scores, and therefore poverty levels, can also be tracked.

[36] While the Grameen Foundation coined and popularised the 'Progress out of Poverty Index' (PPI) label, this is used interchangeably across organisations with the moniker 'Simple Poverty Scorecard'. In late 2017, the Progress out of Poverty Index was rebranded as the Poverty Probability Index, using the same PPI acronym.
[37] http://www.progressoutofpoverty.org/ppi-country (as at 12th January 2017)

The PPI tool was designed as a means of assessing poverty at the household level, but Cloud Loan made the decision to adapt the tool, using it to assess poverty of whole credit groups, rather than constituent clients and their households. This was, a 2010 report reflected, thought to be a more “feasible and accurate”[38] means of data collection as, unlike the Grameen Foundation, Cloud Loan did not engage with their clients in their individual households, only at the group level. Harry, a consultant working with Cloud Loan in the African Head Quarters to oversee the set-up and launch of a new management information system, more prosaically explained to me that the organisation’s current system simply did not have the capacity to record information at the individual client level, making such aggregation essential. As a result, while all clients were interviewed individually, an average score was then taken and used to determine the probability that members of a group were living under the specified poverty lines. In the previous chapter I observed that loan sizes could vary significantly within groups, suggesting different scales of enterprise, and therefore income and wealth, between members. On raising this issue with Simon, however, he reflected that the efficiency of the approach made up for such “minor” loses in detail. This rationale of efficiency is one that recurred throughout my time with Cloud Loan, and was most commonly used in the context of saving money, even if those savings impacted quality. In Chapters 2 and 4, I referenced works such as Chirwa (2008) and Johnson (2005), which note the importance of ensuring that clients and their contexts are well understood by MFIs, in order to design and deliver appropriate and impactful microfinance products and services. By choosing to aggregate data in this way, rather than invest in a more sophisticated management information system, Cloud Loan were missing an opportunity to gain this deeper understanding of their clients, which could potentially inform more effective programming.

[38] Cloud Loan SPM Report (Cloud Loan Source 5.6)

PPI Scorecards

A copy of the questionnaire used by Cloud Loan, formulated by the organisation in collaboration with an external social performance management consultant, is included below[39]:

Indicator	Value	Points	Score
1. How many household members are there?	A. Eight or more	0	
	B. Seven	4	
	C. Six	7	
	D. Five	11	
	E. Four	14	
	F. Three	20	
	G. Two	29	
	H. One	41	
2. What general type of construction materials are used for the dwelling?	A. Tradition	0	
	B. Semi-permanent	1	
	C. Permanent	4	
3. What was your main source of drinking water in the past month?	A. Communal standpipe; communal open, unprotected well; communal hand pump; lake/reservoir, river/spring, or other	0	
	B. Piped into dwelling; piped outside dwelling (personal); personal hand pump; protected spring; or personal open, unprotected well	7	
4. What is your main source of cooking fuel?	A. Collected firewood, crop residue, or animal waste	0	
	B. Purchased firewood	4	
	C. Paraffin, electricity, gas, charcoal, saw dust, or other	9	
5. What is your main source of lighting fuel?	A. Collected firewood, grass, or other	0	
	B. Paraffin	6	
	C. Purchased firewood, electricity, gas, battery/dry cell (torch), or candles	12	
6. Does your household own a lantern (paraffin)?	A. No	0	
	B. Yes	4	
7. Does your household own a chair, table, upholstered chair, sofa set, or coffee table?	A. No	0	
	B. Yes	4	
8. Does your household own a bicycle, motorcycle/scooter, or car?	A. No	0	
	B. Yes	5	
9. Does your household own a tape or CD player/HiFi?	A. No	0	
	B. Yes	7	
10. Does your household own an iron (for pressing clothes)?	A. No	0	
	B. Yes	7	

Context is essential when crafting these scorecards, with particular assets and circumstances carrying greater and lesser significance in different locations, meaning that questions and associated scores are not necessarily internationally transferable (Sahn, & Stifel, 2000). As such, they are created by PPI specialists, with close reference to wider research, conducted by the likes of

[39] Cloud Loan PPI Scorecard (Cloud Loan Source 5.8)

the World Bank or national governments (Schreiner, 2010; Desiere *et al*, 2015). The scorecard for Malawi draws particularly on findings from the country's 2010/11 Integrated Household Survey (World Bank, 2012b). Despite such engagement with local research, however, the significance of various assets and circumstances is widely decreed by experts, who are usually themselves removed from the day to day realities of those living in poverty. This leaves the tool open to criticism that meaning is being constituted by the auditor rather than those whose lives are being audited, with complex and diverse experiences being reduced to a simple checklist (Dolan, 2008).

A further area of concern with the scorecards is that they are constructed for use at a national level. As described, the weightings of various assets and circumstances are determined according to national level data, but in so doing, they fail to accommodate the diversity of households across different regions of the country, and also within communities. As I described in the previous chapter, there are notable differences in the economies and cultural norms of different regions of Malawi. Communities in the central region, for example, tend to be more reliant on agriculture, while in the Southern region, a greater proportion of households follow matrilineal traditions. Such factors are significant determinants of the assets held by, and demographic make-up of, specific households, but the PPI tool does not allow for these contextual considerations to be integrated into calculations. While a certain type of building material, for example, may be indicative of relative poverty in one part of the country, it may be the norm in another. Dorward *et al* (2003) offer a typology of various Malawian households which indicates significantly different norms in the make-up of, and assets held by, different types of Malawian households. They observe, for example, that poor female headed households typically held assets of 105MKW, almost half the value of poor male headed households' 208MKW (Dorward *et al*, 2003: 11). They note too that the potential for changes of the type that would influence PPI scores are also limited by sub-national context and circumstance.

As previously raised, PPI is just one of a myriad range of approaches to poverty assessment. While the perceived prestige of the PPI brand was the explanation that I most commonly received for its adoption, Matilda also emphasised that it was attractive for the relatively light and fast data collection requirements. This was also an aspiration held by the developers of the tool, with Desiere *et al* (2015) highlighting that PPI was specifically designed as a means of assessing poverty in a way that provided timely data in a cost effective manner, requiring, as it does, significantly less information and researcher time in the field than other approaches to poverty assessment (Ravallion *et al*, 1991; Desiere *et al*, 2015). Reflecting Simon's comments on diversity within groups, Schreiner (2014) concedes that this lighter approach may result in a drop in detail and accuracy, but argues that this is more than compensated for by its simplicity, encouraging more consistent use.

PPI at Cloud Loan

I first had the opportunity of seeing the PPI scorecard in use during my time with the second Central Region branch. Having previously spent time in the Malawian Head Quarters, this was my first visit to a Cloud Loan branch office. As described in the previous section, one of the key motivating factors for the organisation's adoption of PPI over other methods of poverty assessment had been that it was considered to be a 'quick and easy' means of collecting relevant data. This visit would demonstrate to me, and subsequent branch office visits would confirm, that speed and ease were essential, given the many demands placed on loan officers in the field.

As was their norm, my day with the second Central Region team started in the office at 7am, with the Branch Manager meeting with his loan officers to review tasks and itineraries for the day ahead. During this discussion, it was decided that I would spend the day with Lawrence, as he had the busiest schedule, with plans to visit three groups. The team were responsible for a large geographic area, and on this day, we were to visit some of the branch's most remote clients. As such, after collecting the documents and files that Lawrence would need for the day, we were quickly out the door to begin the two-hour journey to meet our first group.

Arriving in the village, we disembarked, and made our way to the wooden benches, shaded by a nearby building and a large tree. Four women, two with their children, were already gathered at the benches, and on hearing the arrival of our bike, several more began to emerge from their homes and the fields overlooked by the meeting place. As we waited for the other members to arrive, Lawrence explained to me that this was one of his more experienced groups, having recently begun their sixth loan cycle with Cloud Loan. "We've never had problems [with this group]" he continued, "they have never fallen into arrears". As the rest of the group arrived, they exchanged friendly greetings with Lawrence, who in turn introduced me, and explained that I was there "to learn more about where [Cloud Loan's] real work happens", soliciting laughter from the clients. After approximately half an hour, all 12 members were gathered, and Lawrence stood to open the meeting by leading the group in the Cloud Loan song, the lyrics to which, Lawrence later told me, were reminders that through working hard at their business and looking after each other, they could all succeed.

Following the energetic singing and dancing that had opened the meeting, proceedings took a more sedate turn, as Lawrence took a thick green file out of his bag, from which he drew a large bundle of papers. The group waited in silence until, after several minutes, he found the one he was looking for, a group register, and recorded on the form that all members were in attendance. Returning to the papers, he drew out the record of client training that this group had received, telling me that the previous session had been a discussion of business plans, meaning that this week, they were focusing on market research. Lawrence delivered the training as a lecture, with no interjections from the clients, and on opening the floor for questions, he was met by silence. Turning again to his pile of papers, he began to complete the training record, signing the page to confirm that the module had been delivered as required. As he did so, several clients raised questions, unrelated to the training. One asked why they were required to make savings deposits alongside their loan repayments, while another asked when she would be able to apply for a larger loan. Both questions prompted some discussion across the group, with Lawrence translating his explanations that savings were there to protect clients from misfortune, and to enable them to invest in their businesses and take care of their families. By saving regularly, he continued, and repaying loans in a timely manner, they would soon be eligible for larger loans. The discussion around these themes continued for some time, with Lawrence drawing the conversation to a close several minutes later, in order to move on to the next stage of the meeting.

His next task was to collect information for a case study that would be used on an online funding platform, with whom Cloud Loan worked. These platforms were a means by which individuals from around the world could access information on, and provide support to, Cloud Loan's work, and will be discussed in greater detail in Chapter 7. Officers in participating branches were required to submit case studies of clients to feature on these platforms, and Lawrence, in consultation with his branch manager, had identified this group as one of the case studies that the team would put forward. As such, Lawrence had been given a case study template, on which he recorded general information about the group, including their location, and the number of members. He also singled-out one member of the group, whom he had selected in advance, in consultation with his manager, to be the front-person for the case study, and took more detailed information from her about her business and family, which was also recorded on the form. To conclude, Lawrence took a camera from his bag and took a photo of the group together, before walking with the selected front-person to her nearby grocery stall, and taking a photo of her standing in front of her business.

By this time, we had already been with the group for over two hours, but were yet even to discuss that week's repayments. It was at this point that Lawrence's attention turned to PPI. The interviews, he explained, should have been done at the first meeting of the loan cycle, but on that occasion, they had run out of time, so he was going to do them now. As the PPI interviews involve questions around clients' households and assets, it was Cloud Loan policy that all conversations were undertaken one on one, away from the group, as it was felt, Simon had explained, that this approach would elicit more full and candid responses. This was the process that I saw unfold with Lawrence, as he took up a position on the other side of the building to where we were assembled, and called each member to him in the order that they appeared on the group register. When I had spoken to Simon about this process, he had explained that all new clients were interviewed at the start of their first loan cycle, and that subsequently interviews were repeated with returning clients approximately every three loan cycles, as a means of ensuring that information was up to date, and to enable any changes in clients' circumstances to be noted and tracked. In this group, two new members had joined in this loan cycle, and the time had come to re-interview returning members, hence all clients were to be interviewed. While I was aware that the questionnaires were short, while I sat with Lawrence as he asked the 10 questions, recording the responses of each client on a pre-printed form, I was surprised by the speed of the interviews. Most notably, there was no preamble, or context given about why the questions were being asked, or how the information provided would be used.

Having completed the interviews, Lawrence re-joined the group, explaining that the remaining task was to coordinate the fortnightly repayment. As the group began to produce their own piles of banknotes, which were collated and counted by one of the members, Lawrence explained that he would normally stay to oversee this process, but as the meeting had run-over, we were already late for our next group which, it turned out, was over an hour away. As a result, we made our apologies and bad hasty farewells as the group proceeded with their business. Our subsequent meetings, as all Cloud Loan repayment meetings that I attended would, followed a very similar format, with the major difference being that time pressures became more acute as the day progressed, resulting in activities being shortened, and in some cases dropped, at the end of particularly busy days.

Branch Officers

As the previous discussions have raised, while the decision to adopt PPI was made at a high level within the organisation, it was the loan officers who were responsible for generating the data that the tool required. Despite this integral role, however, my experience was that the tool was the source of much mystery, confusion, and frustration in the branch offices.

The nature of the loan officer role meant that during the week they spent very little time in the office, and had limited opportunities to interact with their colleagues. On Friday afternoons, however, it was policy in all branches that officers should avoid scheduling appointments with clients to enable them to complete their paperwork, and attend a weekly team meeting. Among the key tasks for these Friday office days was to pull together the responses from any PPI interviews that they had undertaken that week, and type these up using the group report template. Once completed, these would be printed and bundled into packages, and sent to the SPM team based in the African Head Quarters for processing. On one such afternoon, I was sitting with two loan officers as they sorted through their notes and documents from the week's meetings, and waited for their chance to use the office's one computer. Discussing PPI, I was surprised when one officer asked me, "Do you know where these questions came from? Were they created by [Cloud Loan]?" On hearing his colleague's question, the other loan officer also looked-up from his work, and the pair listened with interest as I relayed what I had learned about the tool's origins. As we continued to talk, I asked them what they perceived the purpose of the scorecards to be. "It helps to identify the success of the programme", one loan officer responded, though he continued that while he knew that sending the PPI data to the SPM team was important, he wasn't sure how it was used to achieve this purpose. Others in the office, who had by now joined our conversation, murmured in agreement, with one officer commenting, to the amusement of her colleagues, that Head Office asked so many things of them that it was easier to just comply with requests than question them.

In the 2009 evaluation of Cloud Loan's poverty outreach and social performance, one of the concerns raised by the consultant was around the capacity of staff to deliver on the organisation's aspirations. As part of the roll-out of PPI, Matilda explained to me that she had spent almost a year based in Malawi, and that she and Simon had between them spent time in every branch office testing the scorecard and training staff in the approach. Since this time, however, there had been a natural turnover in staff, and new branches established, meaning that this one-off period of intensive training was insufficient to sustain knowledge across the organisation. Seeking to embed understanding of PPI, client training, and related matters across all offices, Matilda had recently led on the development of two new training programmes for branch staff. The first of these was a new induction programme for incoming loan officers. Delivered over several consecutive days in the African Head Quarters, this programme offered an overview of the values and practices of the organisation. The second programme was designed as a series of independent modules to be delivered on a rolling basis. These would be open to all branch staff, regardless of how long they had been with the organisation, and would focus on subjects such as IT skills, or motorbike safety. New branch managers were also encouraged to participate in these programmes, but the Staff Training Officer[40] raised that in the wake of recent issues of fraud and malpractice in various branches, the Director of Operations and senior HR staff had identified the need to develop a more specific training offer for managers, to build capacity around staff management and supervision. This work was still at a conceptual stage by the time I left the organisation.

As part of the development of these training programmes, Abigail, a purchasing assistant with Cloud Loan, was promoted to the newly established role of Training Officer, with responsibility for coordinating all staff training events. On starting her new role, she had been given one of the large, vacant offices in the complex, which became a designated training suite. On my second visit to Malawi I spent several weeks in the African Head Quarters, and as Abigail was the only permanent occupant of this large office, I soon made a regular home at one of her spare desks. During this time, Abigail shared with me the overview of Cloud Loan's induction programme, and unsurprisingly, given the pride with which the tool had been discussed by various staff members, I saw that PPI featured prominently, with a whole day devoted to the subject. In the morning, the guide explained, a member of the Social Performance Management team would talk through how and why the tool was used, and the specific responsibilities of the loan officers, including guidance on how to undertake the PPI interviews and record responses. In the afternoon, attendees would then accompany an experienced loan officer from the first

[40] Based in in the African Head Quarters

Central Region branch office, which was located in the building adjacent to the training suite, and observe the use of the tool in practice.

In contrast to what I had learned about these training programmes, however, over the course of my three visits to the in the African Head Quarters during this research, I never saw any training being delivered. Furthermore, during my time with various branch offices, only once did I see staff leave the office for training, with three loan officers from the second Central Region branch travelling to Lilongwe for a day of IT training. The majority of loan officers, and branch managers, that I met who had been with the organisation for less than two years reported that they had never received any training beyond that delivered by their branch manager and colleagues, including the loan officers who had questioned me about the PPI tool. Speaking to Abigail on my final visit, I had asked to see the programme for upcoming staff training, and any records available on training that had been delivered: she explained that none were available. As we continued to talk, Abigail revealed that it had been "several months" since any training activities had been undertaken, which was in large part due to the costs incurred by loan officers travelling to, and staying near, the African Head Quarters, and the difficulty of clearing the required time from loan officer schedules, without impacting operations. I raised the concern about whether staff in the field were fully trained on procedures and operations, such as those around PPI, and she responded that as long as there was one staff member in the team who understood the approach, then they would be able to provide guidance and training to their colleagues. In every office that I visited, however, I encountered loan officers who had questions about PPI, raising that a lack of understanding around PPI was a pervasive issue.

While these issues of training and communication were significant contributors to the confusion that I observed around PPI, I argue too that it reveals more fundamental dynamics of power relationships within Cloud Loan. The adoption of the PPI tool, as I described, was initiated by senior staff in the organisation's London headquarters, with responsibility for data collection and processing assigned to staff and teams in-country. This tendency for policies and procedures to be developed centrally, and passed down to branch offices with little if any consultation, engagement, or feedback from frontline staff, is one that I explore more fully in Chapter 6. In this chapter, I frame the relationship between the strategic centre of the organisation, and workers in the field, as being one of Principal and Agent, observing the tendency for policies and actions to be initiated and developed by the CEO and Founder, and those closest to him, with in-country staff generally, and branch staff particularly, conceptualised as passive agents whose only responsibility is to follow received instructions. I also go on to propose that this dynamic is, whether consciously or unconsciously, replicating and perpetuating power disparities that have been the source of much criticism of the aid sector.

As Crewe (2017) cautions, power can give the false impression of wisdom, and this too I observed in examination of PPI. As I continue to present in this chapter, there are many reasons to be cautious and sceptical about Cloud Loan's claims for PPI, and frequently, I observed, concerns were also held by staff in branch offices. In one branch, for example, I was accompanying an officer, David, on a group visit, and as we were waiting for the clients to arrive, he ran through the tasks and activities for this meeting. Among them was the undertaking of PPI interviews with several new members who had recently joined the group. David didn't like doing these interviews, he explained, as clients would, on occasion, challenge the questions that were being asked. Asking him to expand on this reflection, David commented that the relevance of several questions didn't make sense to him. In particular, he noted, they had been instructed to record assets held by clients, even if they didn't work or were not usable: "If I have a radio, but that radio is not working, I have no radio!" he exclaimed. When I asked whether he had raised this question with his manager, or anyone else in Cloud Loan, he shrugged, responding that he did not fully understand the tool in general, and so did not see the point of raising one area of confusion over others. These were valid and relevant concerns and questions about the tool, yet the culture within the organisation was such that loan officers did not raise them. In part, this was due to communications issues and a lack of opportunity, which I explore more fully in later chapters. I argue too that the perceived status and expertise of UK and senior staff was also a major factor. Where branch staff saw elements of plans and procedures that did not make sense to them, there was a tendency to assume that this was due to their own lack of understanding and expertise, rather than because the instructions that they had been given were flawed: PPI was, I observed, deemed valuable and important because of its international provenance, which also put it beyond questioning. This, as Crewe (2017) also notes, contributes to a hierarchy of knowledge which persists in the aid sector, and privileges the expertise of international actors above front-line, in-country workers.

Overlooked Sensitivities

As I also explore in Chapters 6 and 8, it is the loan officers who, among Cloud Loan staff, hold the greatest knowledge and understanding of clients' circumstances and experience. As such, this failure to engage branch staff in the design of tools such as PPI means that this intelligence is not being captured or considered. This was a particular concern in the context of PPI, involving as it did the collection of information on assets held, which is a deeply personal line of questioning. Furthermore, it is a subject that I learned held particular sensitivity for microfinance clients in Malawi, where incidents of assets being seized in lieu of payment remained prominent in the public consciousness. In my interview with representatives of the Reserve Bank of Malawi, concerns about such behaviours were raised as having been influential in the decision to develop closer regulation of the country's microfinance sector, with the most senior official stating that,

> "The activity of 2010 [the passing of Malawi's first Microfinance Act] was, in part, prompted by queries and complaints from the public about the behaviour of various MFIs, with reports that institutions were forcing people to take extreme measures to make their repayments. The problems were most pronounced among programmes based around group liability, where there were reports of group members who were unable to pay their share having assets grabbed, being physically assaulted, being detained until they or family members could provide funds, or even, allegedly, being forced to surrender their children or wives in lieu of payment. There were also reports of clients being driven to suicide."

Such behaviours are not, however, merely a thing of the past. In their 2014 study of microfinance in Malawi, Chirwa & Mvula found that 54.98% of those questioned agreed with the statement that MFIs "take your property if you do not pay your loan" (2014: 58). Similar issues are also raised by MacPherson *et al* (2015), in their discussion of encounters with clients from a number of unnamed MFIs in Malawi. Here, the team observe that,

> "One aspect of the group formation that arose consistently during interviews was that groups required members to register their household property at the start of the loan cycle. Some of the participants discussed groups appointing an auditor to confirm that the property they had registered was in their possession and that it was worth what the participant had claimed it to be. Participants reported registering items such as livestock, kitchen utensils, bedding and furniture. The purpose of this property registration was that if the participants were unable to repay their loans the group could confiscate the property and sell it to recover the money." (MacPherson, *et al*, 2015: 423)

Cloud Loan itself is not immune from these issues. While the organisation has a strict policy against loan officers seizing clients' assets, and I never encountered any cases of such behaviour having occurred, an internal report highlights that clients are not themselves bound by the same rules. The report, produced as part of a pilot initiative, trialling the undertaking of exit interviews with clients who chose not to take further loans, interviewed 31 former borrowers about their decision to withdraw from the programme. In documenting their responses, the report highlights the case of an, "individual who was a victim of threatening behavior [sic] when other members of her group came to demand money after the death of her mother and daughter in law" [41].

A conversation with Rose, the Southern Regional Manager, also raised the concern that PPI was being actively misrepresented by clients themselves. One of the loan officers in the second Southern Region branch had reportedly met with resistance when seeking to undertake PPI interviews with a number of new clients. Rose had decided to visit the group herself to explore the issue further, speaking individually to new and more experienced clients about their

[41] Cloud Loan Exit Study (Cloud Loan Source 5.9)

concerns. In these conversations, she relayed, the new clients had been told by longer standing members of the group, that the loan officer was asking these questions in order to identify what assets they had, that could be seized if loans were not repaid. This, she continued, had made the new clients nervous, and reluctant to answer the loan officer's questions. Following this discovery, she spent some time with the whole group, explaining the purpose of the tool, which was the first formal introduction that some members had received on the purpose of the PPI interviews. After the meeting, however, she reported that the group's Chair had complained to the loan officer, saying that now the new clients were no longer afraid that Cloud Loan may seize their assets, they may be less diligent in their loan repayments, exposing the whole group to the risk of having to make up any shortfall. Misrepresenting PPI had therefore here been a deliberate effort on the part of some clients to manage the behaviour of their fellow group members. These examples raise that there is experience and fear among microfinance clients in Malawi, of having their assets seized by an MFI, or their fellow group members, if they do not repay their loans. Without explanation, it is easy to imagine that clients may perceive PPI as a means of collecting information to enable such practices in the future. Such concerns may, in turn, impact the accuracy of information disclosed by clients in PPI interviews, particularly as Cloud Loan do not verify information provided in any way. It is notable that the ways in which clients could perceive the tool were not considerations in the decision to adopt PPI, and the potential sensitivities involved have not subsequently been considered or managed.

Despite having been made aware that there were clients who had been threatened, or had their assets seized, by fellow group members, Cloud Loan retains a policy of allowing groups to manage their own affairs, to the extent that loan officers frequently reported being actively discouraged by their managers from getting involved in internal debate and disagreements, unless they were impacting loan repayments. The ethics of this policy are worthy of scrutiny and further study. Relationships between members of loan groups are much discussed in microfinance literature, with the Grameen Bank emphasising the potential for such groups to act as spaces where social capital in participating communities could be built. Bateman (2010), however, is among those who argue that, on the contrary, microfinance has exploited and weakened existing social capital. By framing the route out of poverty as being through individual entrepreneurial success, he explains, solidarity in communities is broken down, and self-interest promoted. Rahman (1999) similarly observes that the high interest rates charged by so many microfinance institutions, and the pressures of debt, can cause members of loan groups to exert extreme pressure on one another, to ensure that repayments are made. This form of lending, he continues, while more secure for the lender, leaves clients risking not only their business and finances if they can't make repayments, but also their social networks. By choosing to adopt this model for their lending, Cloud Loan had similarly exposed their clients to such risks, and through their work on PPI, they had normalised the collection of information on assets held by borrowers. The organisation's active disregard for the consequences of these decisions, and the issues that they could create within groups, was striking. As I have argued throughout this thesis, understanding clients is essential, to ensure that services are appropriate and effective, and here I add that it is also vital in ensuring that clients are protected. As I return to in Chapter 7, however, accountability to, and engagement with, clients was not prioritised in Cloud Loan's operations.

Resources and Infrastructure

Before my first branch office visit to the second Central Branch office, I had arranged to spend a week in the in the African Head Quarters, to introduce myself to staff and teams based in the Head Office, and learn more about strategic operations at the country level. I had arranged this visit through Elsie, the office's Head of HR and Administration, and having heard about PPI from Liam, I had expressed a particular interest in learning more about this area of work. So it was that she and Simon, the Senior Social Performance Management Officer, had agreed that I would spend the week of my visit with the SPM team. Arriving on my first day, Elizabeth, an assistant working with the HR team, gave me a tour of the complex, which the African Head Quarters and first Central Region branch office occupied. She showed me to a room at the front of the main building, and on entering, I discovered a tiny office, in to which had been squeezed two desks, four chairs, and a computer. Around and across these were several precarious towers of paperwork, rendering movement around the room near impossible. Seated at the desks were Simon and his colleague Louisa, the SPM Assistant.

As discussed previously, responsibility for collecting PPI data fell to loan officers, who would make handwritten notes of clients' responses, in the field. At the time of my visits, only the first Central Region branch office had permanent internet, as they were able to access the in the African Head Quarters' Wi-Fi. As such, loan officers would have to type up and print out their reports, sending the hard copies back to Simon and his team. It was these received reports that made-up the precarious towers of paperwork that I had seen on entering the SPM office. Once received, Simon and the SPM Assistant would upload the details of every group on to the Cloud Loan Management Information System (MIS). Until this task was completed, the information collected in the field was inaccessible to, and therefore unusable by, the wider organisation. Gesturing to the piles of reports, I asked Simon how long this process of inputting and uploading the data took. He responded that it was often a slow task, and that some of the documents currently in the office had been submitted several weeks previously. It was not unusual, he continued, for groups to have moved on to their next loan before data from their last cycle had been processed. As such, the system could not offer 'real time' information on clients. As previously raised, PPI was selected over other means of assessing poverty, in part because it was considered to be 'quick and easy'. While I had seen that the initial data collection was indeed quick, and argued in the previous section that this speed was not inherently positive, the process that Simon had described, of turning this data into usable information, was a slow and arduous one. Simanowitz (2003b) emphasises that for social performance management initiatives, such as PPI, to be effective and valuable, appropriate and efficient supporting systems are essential. In my time with Cloud Loan, I observed that under-resourcing of the SPM function in Malawi created a significant block in the process of converting raw, PPI data into usable information. Furthermore, inadequate technology also impeded the sharing of data between branch offices, the in the

African Head Quarters, and London, and limited what information could be captured and used.

Returning first to the way in which data is recorded, as described, loan officers carry out PPI interviews in the field, recording responses in handwritten notes. On returning to the office, these notes are typed-up, printed, and sent to the in the African Head Quarters. This process relies on there being functioning IT equipment in branch offices which, as the next chapter also discusses, was often not the case. Frequently, I would visit offices where computers or printers were not working, and officers therefore had to either wait for replacement equipment, wait for their Regional Manager to visit, and use their laptop, or make use of machines in local internet cafes. All of which created delays in the submission of information. Progress in this area, however, is being made. Towards the end of my research, Cloud Loan were awarded a grant from one of their existing corporate supporters to furnish all loan officers with tablets, enabling them to record the outcomes of PPI interviews electronically, and therefore avoid the transcription process. Building on this important step, the organisation hopes in the near future to provide internet connections in all branch offices, enabling collected data to be uploaded directly to the MIS. Until such connectivity is established, however, the hard copies must still be printed and sent to the in the African Head Quarters, where the SPM team bear responsibility for uploading information to the system, raising the issue of this function being under-resourced.

As Chapters 4 and 8 also discuss, PPI was only one area of responsibility for the SPM team, along with coordinating client training and business support, and managing the Client Hotline. During our initial meeting, Simon explained that recently, he had been pulled away from these standard tasks to support other projects in the organisation, thereby further slowing the rate at which incoming data could be processed. Later in my research, Simon was promoted to a Regional Manager position, and his post not backfilled by the time I left the organisation, leaving Louisa to manage the PPI data along with other areas of responsibility, with only occasional support from temporary data entry assistants. This extremely limited capacity to process PPI data created a major blockage in the flow of PPI information. This situation reflects the issue of insufficient staff time being allocated to tasks, which recurs throughout this thesis. In this case, the prominence of PPI in the organisation's literature, and the pride with which it was discussed by senior managers, was not being matched by the investments and resources required to deliver upon promised benefits. As was raised in the previous chapter, this suggests a mismatch between the externally articulated priorities of the organisation, and those that drove internal resource allocation and decision making.

This insufficient investment in systems and processes is also reflected in the way in which PPI information is made available to the wider organisation. Cloud Loan's work on PPI was, as described previously, partly initiated as a means of making the organisation more attractive to larger, institutional donors. In this pursuit, they have been successful, having been awarded grants through DFID's Global Poverty Action Fund, and the Scottish Government's Malawi funding round, among others. Reviewing applications and reporting for such funding, I saw that PPI featured prominently, with frequent allusions to the high esteem with which this tool was held in the microfinance community, and the insight that it could offer Cloud Loan on their outreach and impact. Despite such promises, however, in recent years the organisation has experienced issues in fulfilling their commitment to report to donors using the tool. In a 2014 report to DFID, for example, Cloud Loan noted that they were unable to include figures on their achievements over the reporting period, stating that they had,

> "encountered challenges regarding PPI datasets" continuing that the tool "represents a huge volume of data and data management is complex. Unfortunately, we have encountered technical issues with the MIS and we cannot currently report the PPI scores. It is a temporary problem and we are working with the MIS developer to remedy the issue. In the longer-term we are investing in a new MIS, for which funding has now been secured."[42]

In contrast to the claims of this being a temporary issue, however, members of the London based fundraising team often raised wider concerns about the

[42] Cloud Loan GPAF Report (Cloud Loan Source 5.10)

management information system and PPI. Ash, one of the fundraising officers who worked most closely with institutional donors, commented that the aggregation of data to the group level was particularly frustrating, reflecting that the system, "doesn't tell us the stories of individuals…Often donors want to know about new clients and the journey of clients, and we can't tell them that". As previously raised, this aggregation was necessitated by the limited capacity of the Cloud Loan MIS to hold complex information. The inability to report client data to donors was described to me as something of a tipping point for these wider frustrations, inspiring the organisation's decision in 2014 to replace the MIS with a system that could better cope with the complexity of data demanded by various teams within the organisation. This process, however, suffered a setback in 2015, when the organisation installing the new system announced that they were withdrawing, with immediate effect, the product selected by Cloud Loan, necessitating a new round of research and tendering, and delaying the launch of the new system by over a year. Such delays represent continued wasted effort on the part of the loan officers and the SPM team, as while they continued to devote time and effort to collecting and processing the information, it was not producing usable or useful outputs (Guijt, 2015).

Outreach and Impact

Returning to the origins of Cloud Loan's use of PPI, the organisation presented that its primary interest was in reducing poverty, but acknowledged that there was a mismatch between their aspirations of reaching the poorest in society, and the demographics of their client base. A means of rectifying this mismatch, the SPM team identified, was to increase their knowledge and understanding of poverty levels among their clients. This would, the organisation described, enable them to better target the poorest members of society, and ensure that loan products and services were tailored to their needs. While the previous sections have outlined concerns around the efficiency and ethics of PPI data collection, the insufficient investment in staff time and supporting infrastructure, and the quality and consistency of information generated, perhaps the most significant concern with the tool, and Cloud Loan's social performance management work, is that contrary to the stated objectives of the

PPI initiative, poverty outreach appears to have worsened in the five years since the tool's adoption. In 2010, initial assessments using the PPI tool showed that 53.5% of clients were estimated to be living on under $1.25 a day, and 85.9% under $2.50, but by 2015, these figures had fallen to 49.8% and 84.3% respectively[43]. These changes occurred during a period where the IMF estimates that rates of poverty in Malawi were staying the same or worsening (IMF, 2017). I argue here that while information was being generated by Cloud Loan through PPI, for this information to enable the changes in outreach and impact that the organisation sought to achieve, it is not sufficient for information to exist, it must be considered and learned from (Guijt, 2015), and these processes were not occurring. The way in which information is shared and prioritised internally links to ideas of internal communication and accountability, which are explored in the following chapter.

Conclusion

Understanding, and being able to evidence, the impact that you are making through your work is a concept core to accountability. In this chapter, I have introduced the Progress out of Poverty Index, Cloud Loan's flagship accountability initiative, and the means by which the organisation seeks to achieve these objectives. Presenting my observations and experience of all stages of the PPI process, from data collection in the field, through processing in the African Head Quarters, to the use of information in internal and external reporting, I have argued that the status of the tool in Cloud Loan's literature, reports, and media was not matched by the insight that the tool offered, nor the resourcing and support of associated activities. As such, I argue that its greatest value to Cloud Loan was performative.

Cloud Loan's journey to adopting PPI, and wider social performance management practices, reflects Copestake's 2003 observations on the relative status of social impact against other concerns. When a new enterprise or initiative is launched, he explains, the implementation of means by which

[43] Cloud Loan Performance Report January 2015 (Cloud Loan Source 5.3)

financial and other functional matters can be monitored and managed tends to be regarded as essential, whereas when it comes to matters of social performance and impact, these are not only seen as lesser priorities, but are also areas where less support, and guidance on good practice, is available. So it was that Cloud Loan only established mechanisms by which social performance could be monitored eight years after beginning operations. By this time, they were already attracting over £1.2 million a year in income[44], and lending to more than 23,000 clients[45] in Malawi, despite not being able to convey results or evidence of impact beyond anecdotal case studies. Such individual success stories, and the wider microfinance brand, can therefore be seen to have been sufficiently compelling to win support from individual givers, corporations, and philanthropic trusts.

The impetus for Cloud Loan's decision to develop their social performance management work was presented to me as being two-fold. Firstly, there was a recognition internally that the organisation was not achieving the outreach and impact that they hoped for, and this belief was confirmed in a 2010 external evaluation. PPI was identified as a means by which Cloud Loan could improve their outreach, and also learn more about their clients to ensure that products and services were appropriate and effective. Against these ambitions, however, I saw no progress: As this chapter raised, Cloud Loan's poverty outreach worsened in the five years since adopting PPI. This, I argue, is because while information was being generated, it was not being learned from, or used to inform operational decision making. Processes by which clients were recruited by Cloud Loan remained unchanged, as did the services that they received, so it is understandable that no change in the profile of Cloud Loan's client base was observed. Furthermore, while prior to adopting the tool there was concern that the organisation was not reaching the poorest in society, senior managers were now receiving monthly confirmation that this continued to be the case, and yet

[44] Cloud Loan 2010 Annual Report and Financial Statement (Cloud Loan Source 5.11)
[45] Cloud Loan 2010 Annual Report and Financial Statement (Cloud Loan Source 5.11)

still no action was taken: As the previous chapter raised, efforts continued to be focused on the 'viable poor' (Blowfield & Dolan, 2014).

This lack of action, I argue, gives greater weight to Cloud Loan's second rationale for adopting Cloud Loan: appealing to institutional donors. The period in which Cloud Loan initiated their work on PPI was one where, in the UK, public support for international development was showing signs of faltering, and the UK Department for International Development was facing increasing calls from Government to make themselves more accountable for their spending. When, in May 2010, Andrew Mitchell assumed the office of Secretary of State for International Development he, as Valters & Whitty describe, "immediately positioned results, evidence, value for money and transparency at the centre of aid management" (Valters & Whitty, 2017: 9). It was this agenda that Cloud Loan was responding to by establishing their social performance management team, and work on PPI. From this perspective, the organisation's efforts can be seen as having been effective, as they were able to attract ongoing support from DFID and other institutional donors, with various members of the fundraising team raising with me that PPI was particularly important in this regard.

As I described in this chapter, however, PPI may not offer reliable information on the impact of Cloud Loan interventions, an observation which resonates with wider criticism of the so called 'Results Agenda'. As Eyben (2013) discusses, if results are demanded, then they will be produced, but whether they bear any relation to real change is a different matter. In the context of Cloud Loan, while donors found it appealing that the organisation could now say that they were measuring their outreach and impact, there are questions to be asked about the quality of this evidence, and the story that it tells. In this chapter, for example, I questioned whether the PPI tool, while offering an appealing narrative, was capable of achieving the lofty ambitions set out for it by Cloud Loan, particularly around generating an understanding of impact. By interviewing individuals at the start of their first loan, I was told, and then periodically over the course of their participation in loan groups, changes in levels of poverty could be tracked. As Cloud Loan's website explains, this enables the organisation to understand whether their ambitions are being achieved, and to generate evidence of their impact[46]. I observed, however, that the limitations of Cloud Loan's management information system meant that data was recorded at the group level, thereby making it impossible to track the progress of a specific client. Furthermore, as group membership changed every loan cycle, with new clients joining groups and others withdrawing, the group level measurements do not offer like-for-like comparisons, severely limiting the validity of observed changes over time. In this chapter, I also raised more fundamental concerns about PPI, questioning whether, even with adequate resourcing, it can be used to provide the promised evidence. As this chapter reported, Simon, the Senior Social Performance Management Officer, explained that PPI was attractive for its simplicity, acknowledging that with this simplicity came a lack of detail. Poverty, however, as I describe in this chapter, is a complex and nuanced experience, and in Cloud Loan I observed a disinterest in engaging with this complexity. Instead, the focus was on making simple, technical representations, turning diverse experiences into quantifiable management information (Dolan, 2008). In this process of simplification, I also noted the obscuring of sub-national diversity, and the failure of the PPI tool to accommodate varying contexts and norms found across regions and households of Malawi. This wilful removal of detail, I argue, significantly limits the insight into clients' circumstances and experience, and the impact of interventions, that organisations can hope to gain from the use of PPI.

Despite the influential role that donors played in Cloud Loan's decision to adopt PPI, I also noted in this chapter that the organisation's staff and systems often found themselves overwhelmed by the task of processing PPI data, and unable to provide promised information. Despite this, the fundraising team reported that they had not received any negative feedback on these incomplete reports, and no funding had been withheld, adding further weight to my argument that it was the story of PPI that was more compelling and valuable than the outputs or insight that the tool produced. On the part of donors, this suggests that while matters around results and accountability are prominent in funding agreements and wider policy, their interest in the practices of those

46 Cloud Loan Website (Cloud Loan Source 5.1)

they fund is more superficial. For both actors, therefore, it is being able to signal your commitment to evidence and results that is the highest priority, and for Cloud Loan, PPI has acted as means by which they can signal their credentials in this regard. This resonates with Bateman & Chang's assessment that the PPI tool is 'PR puff' (Bateman & Chang, 2009: 23).

Chapter 6: Internal Accountability

Arriving at the Cloud Loan office on the morning of my first full day with the third Central Region branch, I interrupted a tense exchange between the Branch Manager, Calvin, and the visiting Regional Manager, Dziko. Before this visit, Dziko had received an anxious telephone call from Angelica, the Projects Officer based in the in the African Head Quarters, responsible for coordinating Cloud Loan's work with online fundraising platforms. Branch offices participating in these programmes were required to submit regular case studies and updates, to be featured on the platforms and shared with supporters, but Angelica had complained that this branch's reports were now several weeks overdue. This delay, Angelica continued, meant that she was now being chased by the platform who, in turn, were concerned about missing their own publication and reporting deadlines.

Dziko had begun to convey these concerns, only for a frustrated Calvin to interject that the information had been collected, but that he had no way of getting it to Angelica. In a similar manner to the PPI questionnaires, discussed in the previous chapter, loan officers would use a template to collect the information required for the construction of a case study[47]. Unlike PPI, however, rather than sending a hard copy to the African Head Quarters, loan officers were then required to scan the completed questionnaire, and email this document, along with accompanying digital photographs, to Angelica. This process was in part necessitated by the requirement to include digital copies of client photographs, but also, as Angelica explained, her predecessor had established this process of electronic submissions, as she found it easier to process information received in this way, preventing as it did the accumulation of paper that I had seen in the office of the SPM team.

Calvin and his team had, however, been beset by difficulties when attempting to follow this process. Recently, he told me, the African Head

[47] More information on these templates and this process is provided in Chapter 7

Quarters had issued the branch with an internet dongle, to enable loan officers to email documents directly from the office. As he explained, however, this service had proved costly, and with the funds that he received from Head Office, he was not able to maintain sufficient credit on the device. Furthermore, even when the dongle had been topped-up, he had found the connection to be unreliable, and inadequate for sending large files. Instead, therefore, Calvin had taken to saving the scanned reports and photographs on to a memory stick, which he would take to an internet café in town, and send the files to Angelica from there. This month, however, had also brought additional challenges. As well the internet dongle, arrangements had also been made to provide the office with a new computer, which would replace the current old, unreliable machine, and enable the officers to work more efficiently. The old equipment had duly been disposed of, but on receiving the replacement, Calvin had realised that several integral parts were missing, making the system unusable. As such, the team were now no longer able to scan the case study forms or download photographs from the camera. In an exasperated tone, Calvin recounted the numerous conversations that he had had with Lumbani, the officer in Cloud Loan's African Head Quarters with responsibility for coordinating the organisation's IT, over the previous weeks. Despite these efforts, however, Lumbani was yet to dispatch the required items. In relaying this information, Calvin's anger and frustration was palpable. In exasperated tones, he explained to Dziko and I his sense that Lumbani and his team were not taking the request seriously, and did not understand how important these items were for branch operations. He felt, he continued, that he had done all that he could to fix the situation, and was upset that Angelica was complaining about his failure to complete a task that he had no means of completing.

Dziko listened sympathetically to Calvin's story, later telling me that it had not been a surprise. Often, she explained, laughing, it was a fight to get everything they needed in the branches. Head Office, she continued, "don't like spending money!" As an interim solution, it was agreed that the collected case studies should be scanned at the local internet café, a course of action that Calvin had not previously pursued due to there being a cost for each page scanned, which he did not have the authority to approve. Recognising this additional expenditure, Dziko emphasised that she would agree to cover the cost on this one occasion, but that this could only be a temporary solution.

In seeking to address the wider IT issues, Calvin once again called Lumbani, this time with Dziko listening in. On the call he explained again that the team were without a computer, and the inconvenience that this was causing, asking when the replacement parts would be dispatched. “Soon, soon”, came the dismissive reply. Dziko then phoned Angelica, explaining the interim measure, and the reason for the delay. Angelica, whose office was only a few doors away from Lumbani’s, offered to go and speak to him directly, and see if there was anything that could be done. 30 minutes after ending her call with Angelica, Dziko received a call from Lumbani, saying that he had been able to pull together all the items requested, and that they would be sent out that afternoon. By Thursday of that week, the promised shipment had arrived and was quickly set-up, only for Calvin to realise that the software he required to support the scanner had not been installed. A similarly confusing round of phone calls ensued, leading to a promise that Lumbani would come to the office within the next fortnight, to help get the system up and running. Calvin later told me that it was over a month after this delivery that the system was fully operational, and that a backlog of reports was once again starting to build.

Introduction

As I introduced in Chapter 3, accountability is fundamentally a relational concept, concerned with dialogue and exchange between actors, yet discussions of accountability in this context tend to focus on relationships with those external to the organisation (Luxon & Wong, 2017; Ebrahim, 2005a; Weisband & Ebrahim, 2007). Fry, however, observes that accountability is also, “an intrinsic experience in daily organizational life” (Fry, 1995: 181), emphasising that, as this thesis has raised, organisations are not homogenous entities: they are dynamic fora, encompassing different locations, interests, and skills, where policies and actions are interpreted, communicated, and enacted at different times and from different perspectives (Hilhorst, 2003). The relationships and interactions across teams and locations will, I argue in this chapter, not only shape the day to day experiences of internal actors, but also have a significant bearing both on the effectiveness of the organisation, and their accountability to external actors.

Cloud Loan is an international organisation, head quartered in the UK and operating through 16 hubs across Malawi. As Stephenson Jr. (2005) observes of such organisations, “Coordination is essential both to provide services effectively and to overcome the barriers implicit in working within an environment of at least quasi-autonomous units.” (Stephenson Jr., 2005: 343). As I raised in Chapter 1, however, in my early encounters with Cloud Loan I had been struck by the disconnection between different teams and locations. This is a dynamic illustrated in the discussion of IT equipment in the third Central Region branch, where I had seen the difficulty that staff faced in trying to share information, such as the case study profiles, across locations, and also the frustrations, bureaucracy, and hierarchies which defined and shaped so many of these internal interactions. In this chapter I argue that, much as Diallo & Thuillier (2005) emphasise the importance of trust and communication within organisations to support wider endeavours, failure to address these issues internal has the potential to consistently undermine efforts towards accountability.

In the previous two chapters, I explored the question of for what Cloud Loan were accountable, and in these discussions observed that insufficient consideration had been given to matters of internal accountability. In the previous chapter’s discussion of the PPI tool, for example, I raised that many loan officers were not able to be fully transparent with their clients on the purpose of the interviews, because they themselves did not have a strong understanding of the purpose of their questions, or how information would be used. Furthermore, systems designed to promote the sharing of information across the organisation were shown to be inadequate, hindering both the organisation’s understanding of, and ability to communicate, their impact. In this chapter, I explore further artefacts and issues of internal accountability in Cloud Loan. I begin by reflecting on the means by which staff were held to account, and their performance managed, monitored, and incentivised. As was raised in previous chapters, the majority of branch officers' work was undertaken in the homes and communities of clients, meaning that there was little opportunity for managers to have direct oversight of their staff. Cloud Loan's leadership, I discuss, sought to compensate for this necessity of managing at a distance by using KPIs and other tools of accountability to exert control over remote staff and functions. Such efforts have, I argue, contributed to the entrenchment of existing hierarchies and centralisation, and been widely interpreted by staff in branch offices as signs that they are not trusted or respected by their Head Office colleagues. Furthermore, I raise that while staff feel subjected to excessive controls, these systems are not supporting the identification of harmful behaviours, such as fraud.

I go on to explore ideas of trust more fully, observing that the further a staff members' geographical proximity from senior management was, the greater the control exerted on them was. It was notable, for example, that staff within the London Head Office were trusted to discharge their duties and manage resources appropriately. Conversely, however, as I explore through a discussion of staff travel arrangements, far more rigid controls were imposed on staff in-country. While I argue that closeness and familiarity between individuals is a powerful force in engendering trust, I also explore that disparities in trust can have more insidious roots, observing race and nationality, as well as geographical location, to be factors in how staff regarded one another.

Bringing together these observations around trust and communication, I end this chapter by discussing Cloud Loan's Farming Loans initiative: a Venture Loan programme that has encountered major challenges and failings in recent years which, I argue, can be traced back to failings in internal accountability and relationships, thereby emphasising the importance of accountability within organisations.

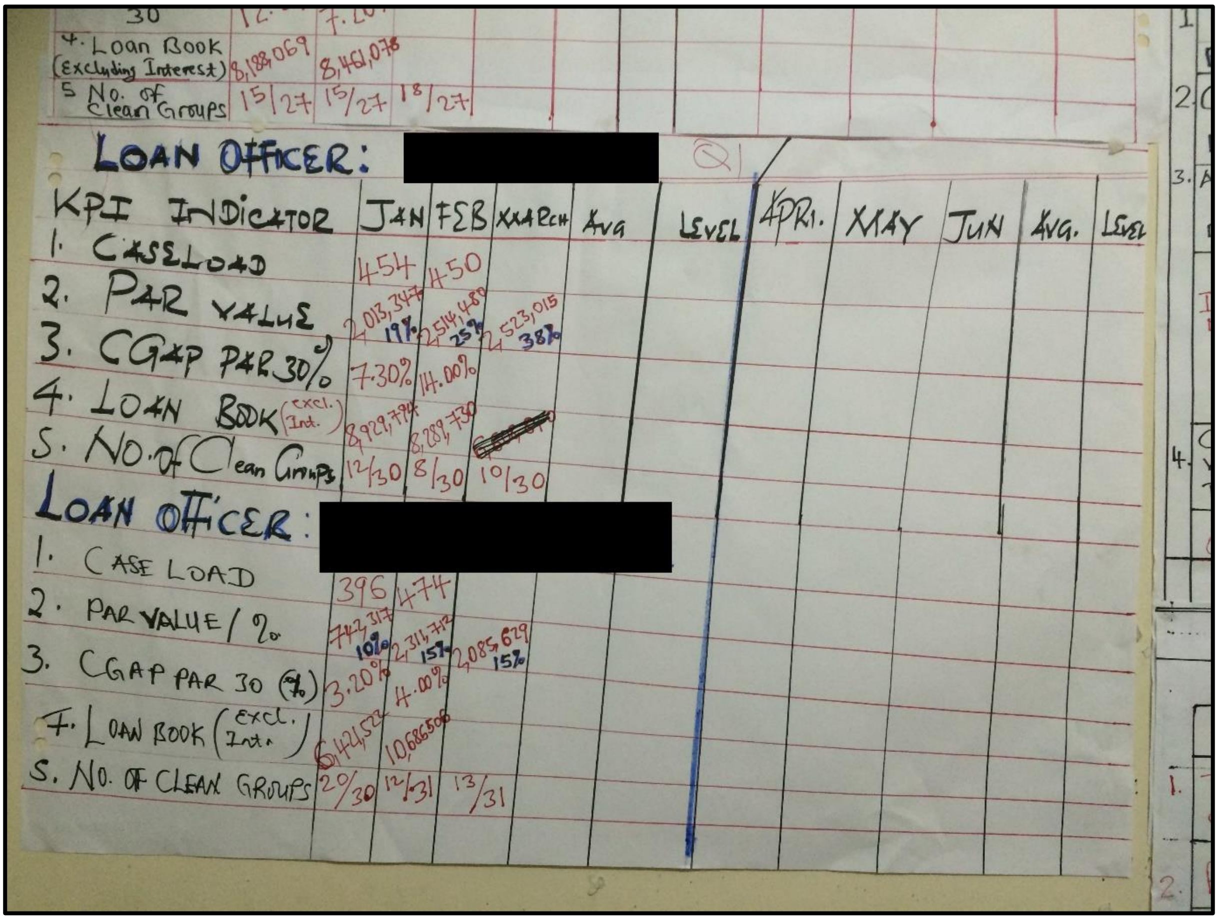
Managing Performance through Control

Since granting their first loan in 2002, Cloud Loan's expansion has been significant, with loans now being made through 16 branch offices, across Malawi. This growth has necessitated a degree of decentralisation and specialisation, resulting in diverse clusters of specific expertise and responsibilities being found across the geography of the organisation, such as the concentration of the fundraising function in the London office, or the loan officers' placement in branch offices. As Suzuki (1998) observes, this is a pattern commonly encountered when organisations grow beyond one or two locations, and offers certain operational advantages, allowing, for example, units to be more internally collaborative, and responsive to the changes and demands of their particular responsibility or speciality. Such clustering and decentralisation can, however, also create a sense of fragmentation within organisations, where, staff can feel a stronger connection to their own team and operating context than they do to the organisation as a whole. As Suzuki describes, "Offices may lose a sense of sharing the mission of the organization as a whole" (Suzuki, 1998: 72). Maintaining a balance between local efficiency and empowerment, and a sense of collective endeavour, is a challenge that has been much discussed by practitioners and academics, particularly in the context of international organisations, such as Cloud Loan.

The response of an organisation's leadership to these concerns around fragmentation can, however, result in actions which undermine the potential benefits of decentralisation (McPeak, 2001). Hudson (1995) observes that, afraid of ceding control, senior managers may increasingly seek to involve themselves in shaping the minutiae of tasks undertaken at the local level. This is an observation which resonates with the patterns discussed in the previous chapters, where I described that loan officers had little discretion or freedom when it came to discharging their responsibilities, required as they were to follow a pre-set curriculum of client training, and to undertake a prescribed set of tasks. In so doing, the potential for officers to shape services and respond to the specific demands of their clients and context was systematically diminished. Building on Hudson's observations, Suzuki (1998) describes that to strengthen their influence and control over devolved activities, an organisation's leadership may seek to establish monitoring and audit systems which further reinforce hierarchies within the organisation, and the status of the strategic centre. These were dynamics that I also saw reflected in Cloud Loan's Performance Management system.

The means by which branches and individual officers were held accountable for the completion of prescribed tasks was through a set of country-wide key performance indicators (KPIs). It was these KPIs that formed the substance of the Performance Report, produced every month by Anna, the London-based Programme Officer, and distributed to senior management in the UK and internationally. As such, these KPIs provided the language of communication between Cloud Loan's various locations, offering as they did a means by which Head Office could signal their priorities and expectations, and branch offices could confirm their diligence and adherence.

While the Performance Report itself was shared only amongst senior staff in London and the African Head Quarters, the constituent KPIs were visible and much discussed features of branch office life. Cloud Loan's first Southern Region branch occupied a large unit in a short row of commercial properties, not far from the city centre. Unlike most other branches, here the Regional Manager and Branch Manager both had their own offices within the unit, and two further rooms were shared by the loan officers. On entering the Branch Manager's office for the first time, I immediately saw that three of the walls around his desk were completely covered with taped-up sheets of flipchart paper. On each sheet, lists and grids had been drawn in colourful markers, and on closer inspection I saw that these were being used to track and compare the performance of each loan officer against the Cloud Loan KPIs. An example of this is shown in the image below:

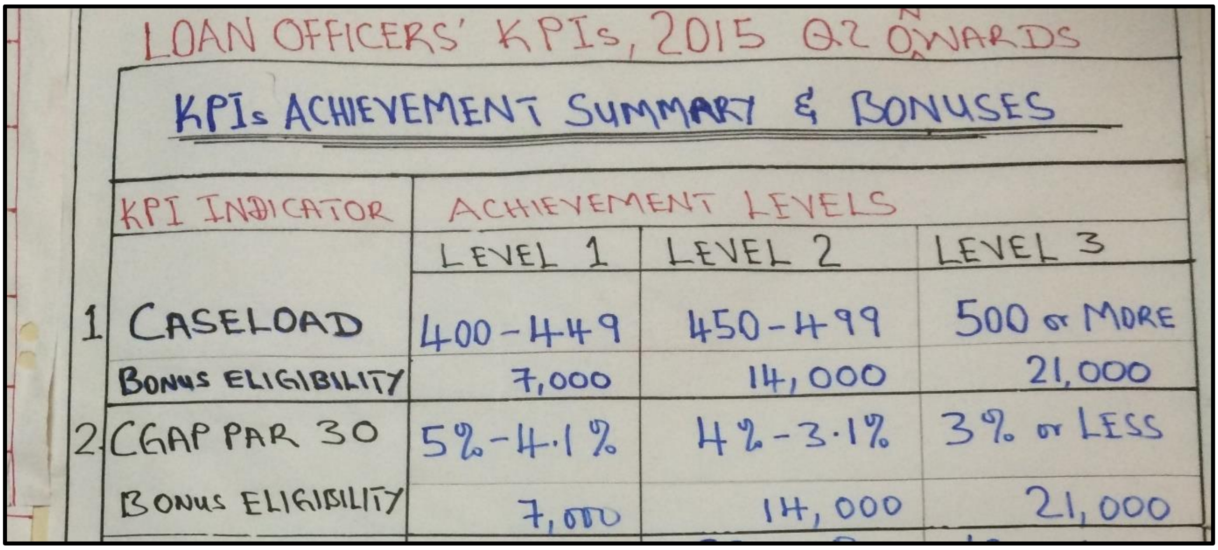


While branch managers were required to submit more detailed monthly reports to their managers, these five indicators reflect the themes of the Performance Report, capturing as they do the importance that the organisation placed on the number of clients, the size of the loan book, and repayment rates[48].

During my time in the first Southern Region branch, I saw that while these pages adorned only the walls of the Branch Manager's office, this was a space regularly visited and used by all the branch's loan officers, whether for team meetings, one on one conversations, or to use the computer. As such, officers received constant reminders of what achievements and behaviours they should be prioritising, and also of how their performance compared to that of their colleagues. This, the Branch Manager told me, was deliberate, explaining

[48] PAR refers to Portfolio at Risk, a standard measure of portfolio quality used across the microfinance, and wider international banking sectors. As CGAP describe, "PAR30 shows the value of all loans outstanding (principal and interest) that have one payment past due for more than 30 days" (CGAP, 2009: 8).

that he felt a sense of competition within the team was productive, and would inspire improved performance across the branch. Beyond this sense of internal competition, the posters on the wall also reminded staff that financial rewards were available, in return for specified levels of achievement. As the below image shows, for example, officers could receive a bonus of up to 21,000MWK if they reached or retained a certain number of clients each quarter, or if a high proportion of their clients were repaying their loans as scheduled. Similar incentives were also offered to loan officers to who completed all required PPI interviews. The levels of performance required to be eligible for these bonuses, and the sums available, were set by the senior management team based in the African Head Quarters, in consultation with staff in London.



Awareness of these indicators, and of related bonuses, was high when I met with the first Southern Region branch's team of loan officers. Taking advantage of all the officers being in the branch one Friday afternoon, we met together in one of the team's offices. In the course of our conversation, I asked whether there were aspects of the role that the officers found difficult or frustrating, and in their response, the KPIs and associated bonus system emerged as particular points of contention. Summarising his colleagues' frustrations, one officer reflected that they were unfair as they failed to acknowledge that the loan officer job was different in different locations. Expanding on this point, the example of the case study forms required by the online fundraising platforms[49] were raised. Completing these forms, the officers explained, like any additional task, would make the meetings longer, thereby limiting the number of groups that they could visit in a day, and consequently the number of clients that they managed, and the size of their loan book. Furthermore, as the example at the beginning of this chapter also raised, the process of filing the information captured in the field was also often time consuming. This, the first Southern Region branch team contested, put them at a disadvantage when it came to achieving the required performance levels to be eligible for a bonus, compared to their colleagues in other offices, who were not required to complete these additional tasks. Staff in the second Central Region branch also voiced similar concerns, raising that the geography and demographics of their area put them at a disadvantage, when it came to eligibility for bonuses. Operating across a larger, more rural area, they explained, meant that they spent greater proportions of their days travelling between groups than officers whose client base was more clustered, similarly limiting the number of clients with whom they could engage. Furthermore, the officers continued, more rural clients would typically request smaller loans than their urban counterparts, thereby further limiting the size of the branch's loan book overall. Such observations echo Lipsky's caution that quantifiable outcomes such as these measures do not necessarily correspond to the efforts of the practitioner (Lipsky, 1980).

A palpable sense of frustration emerged in such conversations, with a feeling expressed by loan officers that they were being held accountable for achievements that did not reflect the reality and demands of their context, fuelling a sense that Head Office did not understand the complexity of operations in the field. As McPeak (2001) warned, these KPIs had been established as a means of encouraging high levels of performance, and the pursuit of common objectives across the organisation, yet they had served to create and fuel frustrations and animosity between locations.

[49] Discussed in Chapter 7

Reducing Deviance

Related to these aspirations of control, Fry (1995) describes the purpose of systems of internal accountability as being to reduce incidents of deviance. While Cloud Loan's Leadership sought to manage activity and performance across the organisation through use of the KPIs, incurring the resultant frustrations and animosity, it was notable that so called deviant behaviour has not been quashed by these mechanisms; During my time with the organisation, incidents of fraud were uncovered across all levels and locations of operations. As Arthur, the then recently appointed Head of Internal Audit, commented when we met, in the seven branch offices that he had so far visited, he had encountered incidents of serious fraud in all but one.

The first Southern Region branch was one of the offices where such issues had been identified, and Cloud Loan was, at the time of my visit, exploring taking legal action against a loan officer who had recently been fired, to recoup money that he had stolen from the organisation. While reluctant to discuss the details of this particular case, it appeared never to be far from the officers' minds, and the subject recurred frequently in our conversations. While the branch staff all expressed anger and disappointment at the actions of their former colleague, none seemed particularly surprised. Probing as to why this was, a by now familiar frustration that staff in Cloud Loan's Head Office did not understand or respect the work of branch staff re-emerged. As one member of the team articulated,

> "[Fraud] is wrong and the clients suffer, but sometimes there is too much temptation. To live in the city…we are not paid enough. We are paid the same as those who can live more cheaply… Here in the city, it is not enough, and when you do not have enough, sometimes the temptation becomes too much."

Implicit in this statement was a complaint, also raised by staff in other branch offices, that officers did not feel adequately rewarded for their work. None, however, felt that there was any means by which they could raise these concerns with senior management, leaving the sentiments to fester, fuelling resentment, and, as the officer in the first Southern Region branch had observed, potentially contributing to the problems of fraud within the organisation. The issue of reward was also raised in my interview with George Finlayson, a former UK High Commissioner to Malawi, who went on to work with Cloud Loan on several projects. In discussing his experience with, and impressions of, the organisation, he described that Cloud Loan's CEO and Founder, "is tight", and that, "He doesn't pay people well". Describing a recent Venture Loan project, that he had worked with Cloud Loan on developing, he continued that the greatest frustrations from this work had been around insufficient staff capacity, both in terms of not being able to appoint people with the right skills, as Cloud Loan would not approve the higher salaries required to attract appropriate candidates, and staff in participating branches not having enough time to devote to work on the project. Such observations reflect concerns raised throughout this thesis, and also emerge in the discussion of the Farming Loans project, later in this chapter.

An alternative perspective on these incidents of fraud was raised by Arthur, the Head of Internal Audit, who claimed that the organisation placed a great deal of trust in their loan officers, to go into communities and deliver programmes ethically and effectively, without direct oversight or supervision. As he explained,

> "Loan Officers have so much power: selecting clients, disbursing, recording, and so on…They follow the systems, on the whole they are complying, but too much freedom means too much potential for malpractice".

Expanding on his thoughts around this freedom, he continued that, while exploited by some loan officers, it also left all branch staff vulnerable, as he believed that he had encountered at least one case of clients claiming that they had been defrauded, in an attempt to avoid having to repay their loan.

> "Officers are unprotected", he told me, "The disbursement system is too weak. There is no accountability…if the client says, 'the Loan Officer took our money', it is hard to prove that he did not. It is hard to prove that he did.".

This interpretation contrasted sharply with loan officers' sense of, far from having too much freedom, being subject to excessively stringent controls. Arthur's position was also illustrative of the concerns about a lack of physical oversight of operations, and trust in branch staff, that so many in the African Head Quarters and London office had reflected, which had led to the paradox of decentralisation and control against which McPeak (2001) cautions.

In previous chapters I observed that while information was being generated in the field and submitted to Head Office, it was frequently not the information that was needed, or it otherwise wasn't being used. I argue that a similar dynamic can be observed here: while information is being generated, ostensibly enabling senior managers to know what is happening in the field, major issues, such as harmful and fraudulent behaviours are not being identified (Fry, 1995). An imbalance has been created in the actions for which loan officers are held accountable, with perceptions of extreme controls in certain areas, and the excessive freedom that Arthur raised, in others. Furthermore, processes of accountability that have been put in place are serving to create and fuel tension between different locations, undermining relationships which may offer a means by which greater understanding between parties can be obtained. As is observed elsewhere in this thesis, efforts to increase accountability have relied on the imposition of a specific tool, in this case the KPIs, without sufficient consideration being given to how these tools will be perceived, and the impact that they will have on relationships.

Trust and Autonomy

At the heart of loan officers' frustrations with the KPIs, and wider diktats from Head Office, was a feeling that they weren't being trusted to do their jobs diligently and responsibly. Beyond being the tools by which Cloud Loan, as a responsible organisation, could monitor and manage their performance, mechanisms of internal accountability were widely considered by staff in branch offices to be means by which management could overcome their lack of trust in loan officers. Contributing to this perception was a sense among staff in branch offices that they were subject to greater controls than their colleagues in different roles and locations who, I heard claimed, experienced markedly different levels of trust and autonomy. These claims of difference also resonated with my own experience visiting different Cloud Loan offices, typified by two encounters concerning staff travel.

During my time in the London office, Nina, a member of the fundraising team, was planning a visit to Malawi, to help make arrangements for the filming of the celebrity fronted appeal video, discussed in Chapter 4. As Nina looked at the various flights and options available, she found that she could either travel through Johannesburg or Nairobi, with the Nairobi option being approximately £300 cheaper. As she searched, she discussed these options with the fundraising assistant, who would make the flight bookings and travel arrangements for her. Looking more closely at the two routes, the pair found that the Johannesburg option would give Nina an extra half day in the office, and so asked the assistant to book that flight for her. In a later meeting about the filming, she updated the CEO and Founder on her travel plans, explaining that the option she had chosen was more expensive, but would allow her more time with the team. He agreed that this made sense, and shared that this was the route that he also tended to use, when travelling to Malawi, describing that it was a faster and "more pleasant" journey.

This encounter was in stark contrast to my experience travelling with branch staff in Malawi. During my time in the Southern Region, I had arranged to accompany Rose, the Southern Regional Manager, on a visit to one of her branch offices[50]. Rose was permanently based in the first Southern Region branch, but had responsibility for overseeing all Cloud Loan operations in the southern region of Malawi, and so, like the other regional managers, she spent much of her time on the road, aiming to visit every branch office approximately six times a year. While these branch visits would usually last a week, enabling the regional manager to spend time with various staff members, address any matters of particular concern, and visit a sample of the branch's loan groups, commitments in her home branch had meant that this visit would be shorter than usual, as we planned to leave for the office on Wednesday morning, and return on Friday. On Wednesday, however, a mechanical issue with Rose's car, coupled with bad traffic coming out of the city, meant that we arrived at the

[50] The second Southern Region branch

second Southern Region branch several hours later than we had planned. We had already missed meetings with two of the groups whom we had hoped to meet that day, and we were to miss a third meeting as, on arriving in town, we were further delayed by a search for accommodation. While we had found and stopped at a number of guest houses and lodges on our way in to town, after each brief visit we were forced to carry on, finding as we did that none had accommodation affordable within the 7,000MWK (c.£10) per night maximum stipend allowed by Cloud Loan for such visits. Rose had raised this allowance on our drive, explaining that adhering to the limit often required some negotiation, as it was lower than the rate advertised by most establishments. As Rose had described, the first four places that we visited charged between 8,000 and 10,000MWK per night, commensurate with the costs that I had encountered on all my visits outside of Lilongwe and Blantyre, and it was only on our fifth stop that Rose was able to negotiate an acceptable price.

In seeking to define the concept of trust in relationships, Zaheer *et al* (1998) offer valuable characteristic attributes, including the expectation that an actor will fulfil their commitments and obligations, and that they will act ethically and responsibly. Reflecting on Nina and Rose's experiences demonstrates the differing degrees to which they were trusted by the organisation. Like branch staff, Nina and her team had targets against which their performance was measured. For Nina, the areas of achievement for which she was held responsible were around the number of fundraising partnerships that she was able to establish and maintain, and the funds that she was able to generate through this work. These were, however, targets that she herself had a role in setting, and in undertaking these tasks, she was free to use her own discretion and judgment around the best way of achieving these objectives. In making her travel plans, it had similarly been assumed that Nina would do as Zaheer *et al* (1998) describe, and use Cloud Loan resources responsibly, making decisions that would maximise her time and effectiveness. This same logic was not, however, applied when it came to Rose's visit to the second Southern Region branch. In order to make arrangements that were within the unrealistically strict budget that had been set for her, Rose had been forced to forgo spending already limited time with her team, and to miss scheduled appointments. As

Rose explained, if we had taken accommodation at one of the first lodges that we visited, we would have been able to get to the office sooner, but Cloud Loan would not have reimbursed her full expenditure. That Rose wasn't trusted to make a judgement about what was an appropriate sum to spend reflects once again the issues of micro-management, discussed in the previous section.

In considering these differing experiences, it is interesting to note that Rose was more senior than Nina, in the Cloud Loan hierarchy, had more experience in microfinance, and had been with the organisation for longer. While Nina was one of a team of fundraising officers, Rose was responsible for overseeing all operations in the Southern Region of Malawi, including line management of several branch managers. This suggests, therefore, that it was not simply hierarchy that determined matters of autonomy and trust. Rather, what I saw to be the most significant factors, were geographical location, physical proximity to the CEO and Founder, and most troublingly, her personal characteristics. Ideas which I explore in the following sections.

Influence and Discretion through Proximity

Reflecting on the differential experiences of actors in different locations, Fry (1995) cites the work of Bies & Moag (1986) in his assertion that,

> "the greater the familiarity and common ground between principal and agent, the wider the zone of indifference and latitude of discretion allowed to the agent by the party holding him or her accountable" (Fry, 1995: 186).

This idea of an internal principal and agent model resonated with my experience and observations with and of Cloud Loan's operations. The CEO and Founder remains the influential, strategic heart of the organisation. He, and those closest to him, act as the principals, to whom the in-country agents are accountable. Those with whom the CEO was most familiar were his colleagues in the London office, and it was they who, as Fry describes, were granted the greatest latitude of discretion, and were considered most trustworthy. In the cases of Nina and Rose, for example, it was Nina, known personally to, and in constant contact with, the CEO and Founder, who was granted the greatest discretion in how to fulfil her responsibilities. In contrast, Rose, geographically more remote and unknown, was subject to more stringent controls. Similarly, as I recounted in the previous chapters, it was in London that decisions were made around the design of the client training programme, and the organisation's approach to assessing impact. Having made these decisions, specific tasks would be handed down to the agents responsible for their delivery, the branch offices, with information passed back up to the Principal through the Performance Report.

Reflecting further on the importance of location, it became clear to me in the course of this research that the ability to raise concerns and requests face-to-face was hugely influential in Cloud Loan's Malawian operations. In the encounter at the start of this chapter, for example, it was striking to me that while Calvin had for some weeks been seeking a resolution to the issues that his branch was facing, it was only following the interventions of Dziko and Angelica that action was taken. Angelica's role was particularly significant. As I recounted, while Lumbani had been dismissive in his phone call with Calvin, promising that the items would be dispatched "soon, soon", Angelica visiting his office in person, had resulted in Lumbani dispatching the items that same day. Just as in the case of Nina and Rose, the place of these individuals in the Cloud Loan hierarchy did not reflect their ability to influence proceedings and resolve the matter at hand. Dziko, like Rose, was a regional manager, responsible for all operations in the Central Region, and the most senior of the four officers involved in this encounter. Calvin too held seniority over Lumbani and was at least equal to Angelica, responsible as he was for the third Central Region branch's operations, and his team of loan officers. It was Angelica's location, and ability to speak directly to Lumbani, that was most influential.

Bstieler *et al* (2017) similarly observe that over time, trust tends to move away from a basis in organisational hierarchy, towards more personal connections and interactions, continuing that those who interact most often frequently come to behave and respond in a similar manner to one another. This too is an observation which resonated with my experience of Cloud Loan: as the London staff got to know and adopt the preferences of the CEO and Founder, whom they engaged with on a near daily basis, they came to pre-emptively and routinely enact these preferences, building his trust that even left to their own devices, they would behave as he would wish. This observation offers a compelling argument for staff across locations to interact more frequently, and for Cloud Loan to invest in building relationships between staff in different functions and offices. While this seems counter to current organisational trends towards 'smart working', and the use of technology to aid communication, my observations here emphasise the enduring importance of face-to-face communication.

These observations similarly encourage caution and reflection, and for all members of staff, but particularly those in the most senior positions, to consider and challenge their attitudes and motivations when interacting with colleagues with whom they are less familiar. Overcoming such a pre-disposition towards those whom you know well and interact with most frequently is not a simple, nor unusual challenge, yet as I go on to explore in the context of the Farming Loans project, failure to address and overcome these challenges can have a significant impact on the effectiveness of the organisation. The international, multicultural make-up of Cloud Loan adds a further dimension to these matters of location and familiarity. As James (2004) and LeMay & Bocock (2012) observe, Malawian history and norms play a major role in dictating relationships within organisations, particularly promoting face-to-face communication as the favoured means of communication and interaction. I return to these ideas in my discussion of the Farming Loans project, later in this chapter, but here note that these are not insurmountable unchangeable preferences, but a reminder of the importance of context and culture. Rather than being integrated in to plans and operational structures, however, I noted in my time with Cloud Loan that such local preferences were only considered, if at all, as deviance from the 'correct' way of behaving. I explore these ideas further in the following section, considering the roles of race and nationality in determining trust.

Race, Nationality, and Trust

Reflecting the observed preference for the familiar, it is noteworthy that towards the end of my time with Cloud Loan, the organisation began to move away from their policy of hiring only local staff in their countries of operation. As I introduced in previous discussions, a new in-country role of Director of Operations was created, shortly after my first visit to Malawi. This role, it was described to me, was to provide oversight across all operations in Africa, and directly manage the country CEOs, who had up until then been the most senior Cloud Loan officials outside of the UK. When it came to filling this post, an international consultant, who had previously worked directly with the CEO and Founder, was appointed. Between my second and third visits to the country, the Malawi CEO also left the organisation, and while the Malawian Head of Finance was temporarily promoted to the role, it was ultimately filled through another international appointment. Across Cloud Loan's other countries of operation, I saw a similar pattern emerge, with individuals whom I had met in the UK office, for example, taking on senior leadership roles internationally.

I don't know the details of these recruitment exercises, for example whether any Malawian applicants were also considered, or their relative strengths and weaknesses. The decisions to appoint expatriate staff members, however, were reflective of preferences and frustrations that I had heard expressed by non-Malawian members of staff; most significantly by the CEO and Founder, and Alex, the Director of Operations. In the case of the latter, in an early conversation, when he had been in the role for a few months, Alex spoke openly about his concerns of a culture of poor performance across the Malawian operations, commenting that, "management is a serious issue". He explained that he had found the Malawi CEO to be resistant to making changes and enforcing systems and procedures, continuing that he didn't have time to control operations directly, and was frustrated that he couldn't trust that things would be done properly when he was away from the office. Making reference to one of the UK fundraising officers, Alex later commented that he would prefer someone like him to come to Malawi and take on the role, as he understood what was needed and would do as was asked of him. This fundraising officer was one of those who was later appointed to a senior role in one of Cloud Loan's other countries of operation.

The CEO and Founder had similarly talked of his desire to regain control over operations in Malawi, not least due to the issues of fraud which, as I discuss throughout this thesis, were pervasive at all levels of the organisation. The installation of known, trusted figures in these positions of authority was, I argue, a means by which the centre sought to regain this control and combat harmful behaviours, without doing the more fundamental work of considering relationships and communication within existing structures. Mukasa (1999) describes the appointment of expatriate staff for such ends, observing that they can be seen as, "impartial gatekeepers for resources… independent from the 'corrupting' influences that local staff are [vulnerable to]" (Mukasa, 1999: 13).

This is a deeply problematic approach to the organisation's challenges, loaded as it is with assumptions about the relative merits, skills and trustworthiness of Malawian versus expatriate staff members. Debates, concerns, and controversy around the appointment and reward of international versus local members of staff continue to rage across the international development sector. One common theme of such discussions is the difference in pay. While all roles within Cloud Loan were generally regarded to pay relatively poorly, I was told informally that the international staff appointed to these in-country roles were paid more than their national colleagues, particularly when allowances for accommodation and travel were factored-in (McWha, 2011). I argue, however, that this matter of pay is a vital component of a more pressing issue. Beyond financial considerations, these decisions offer a troubling insight into the perceptions and assumptions of the most senior individuals within Cloud Loan, and the wider power dynamics within the organisation. Cloud Loan's stated mission, as I present in this thesis, is to improve the lives of people in Africa who are living in poverty, and to do this in an empowering manner. What I observed in the replacement of senior, influential staff members with white expatriates, and the disregard for and distrust of, the majority of Malawian staff, contradicts this message of empowerment. In a compelling piece for the Open Democracy website, commentator Tindyebwa Agaba alleges deep seated racism within the international aid sector, describing "a hierarchy of worth, with workers from the Global South, especially if they are black, valued the least" (Agaba, 2018). It was such a hierarchy, whether consciously or unconsciously established, that I observed in the internal relationships within Cloud Loan.

In addition to these concerns around power and prejudice, I also question whether the installation of these expatriate members of staff will be an effective solution to Cloud Loan's challenges. A common issue that emerges throughout this thesis is that of poor communication, particularly between individuals and locations within the organisation. While international staff may be perceived as more trustworthy by UK staff, Fee *et al* (2015) observe, in their work on the experience of expatriate NGO workers, that many reported having experienced a lack of trust from their national colleagues, citing cultural and linguistic barriers as being of particular significance. Fechter (2012) and McWha (2011) similarly raise the importance of senior staff being able to converse easily in local dialects, as a means of building relationships and supporting open communication. They also go on to note that international staff, without personal links to the location, are likely to move on from their roles more quickly than local appointees. This issue of staff turnover, and a loss of institutional memory, is another commonly encountered problem that I raise in this thesis. As such, there is a risk that these international appointments may exacerbate the organisation's challenges rather than overcome them.

A theme that emerges throughout this thesis is the persistent under-investment in staff and field operations, with essential posts being left vacant, teams under-resourced, and an insufficient training offer. Such factors, I argue, have contributed to the lack of internal scrutiny and effectiveness, and the observed incidents of fraud. More effective means of overcoming these issues could therefore include building the capacity of local staff through training and enhanced support, or providing the additional resources to enable teams and systems to work effectively. The revealed preferences of the CEO and Founder, and other senior figures, however, were not to pursue such local options. Instead, the organisation has taken what I consider to be a regressive move, which further entrenches power disparities within Cloud Loan.

Farming Loans and Bureaucracy

Calvin's experience exemplifies a particular criticism of systems of internal accountability, which is how units within the organisation communicate with one another. Cloud Loan is an international organisation, with an expansive footprint in their countries of operation, yet, as this example illustrated, members of staff were finding it difficult to receive the support and services that they required from teams in other locations, without face to face, in person interactions. This is a situation which privileges those staff who are clustered in the London Head Office or African Head Quarters, while posing an ongoing challenge for those in more remote locations, exacerbating tensions between the two groups, and hindering the efficiency of operations. As I raised in the previous discussions, this is a challenge that has been ill-considered, and insufficiently addressed by Cloud Loan, but is a vital area for action. In this section, through an examination of the organisation's Farming Loans initiative, I argue that such failures, as well as creating and reinforcing tensions and power disparities, are having a major impact on Cloud Loan's effectiveness.

As I have described in previous chapters, while the majority of Cloud Loan's clients hold so called 'normal loans', to be invested as the client sees fit, the organisation has also offered various 'venture loans', where clients are supplied with the inputs for a particular endeavour, and required to pay-back the value of these inputs. While, as Chapter 4 discussed, many of these venture loan products have been withdrawn, during the period of this research, three branches were offering Farming Loans. This was not the organisation's first foray into agricultural lending, having in 2010, with support from donors including the Japan International Cooperation Agency (JICA), provided loans to rice farmers in the northern region of Malawi, to enable clients to purchase fertiliser, and boost the productivity of their farms[51]. A similar scheme had been piloted in the southern region of the country, where a small number of clients received cash loans to establish and maintain irrigation systems, to support potato farming. This Farming Loans initiative, however, sought to provide more comprehensive support than had been offered previously. Inspired by the One Acre Fund methodology[52], clients would receive all the inputs required to begin farming, including seeds, fertilisers, pesticides, equipment, and specialist

[51] Cloud Loan website (Cloud Loan Source 6.1)
[52] More information on One Acre Fund's asset-based, agricultural loans can be found on their website, https://www.oneacrefund.org/our-approach/program-model

training. All that clients would need to provide themselves was land, with a minimum holding of half an acre being a criterion for eligibility. Cloud Loan began piloting the new loan in 2012, providing, through one of their Central Region branches, a small number of farmers with all the inputs required to begin growing corn. In 2013, the pilot was expanded to a second branch in the Region[53], and the following year to a third[54], so that by the 2014/15 growing season, 227 clients were participating[55].

The initiative was pioneered and coordinated by Helen, a retired agricultural economist based in the UK, who had a long-standing relationship with Cloud Loan, and had approached the CEO and Founder with her proposal for the venture. Helen continued to be the driving force behind this project, working directly with senior staff in Malawi, and officers in participating branches. The African Head Quarters played a major role in the delivery of this programme, as all purchasing of the inputs that were distributed to participating clients was coordinated centrally, by the Malawi Finance Team. The intention was that this approach would allow the organisation to keep costs low and benefit from economies of scale, as the team could purchase the majority of items in bulk. The explanation from the finance team as to why these activities were centralised also reflected several of the themes raised in the previous section of this chapter, about the perceived skills and trustworthiness of branch staff. As one officer told me, he and his colleagues were more skilled negotiators than staff in branch offices, and so even when goods needed to be purchased from local suppliers, it was better for this to be done centrally.

In establishing this operational model for the initiative, successful coordination and good relationships between teams and branches became essential to the success of the venture. Reports written by Helen, and accounts from participating staff, however, raised that a lack of coordination and communication had been among the greatest frustrations voiced by staff in participating branches, and had undermined the success of the programme.

[53] The third Central Region branch
[54] The second Central Region branch
[55] Cloud Loan Research Report (Cloud Loan Source 6.2)

In May 2015, Helen produced an internal report for senior management in Cloud Loan, reviewing the experience and outcomes of this third year of the Farming Loans pilot. In her report, Helen reflected that clients' yields had been significantly lower than expected. A major factor in this, she observes was that there had been major delays in the delivery of inputs. While all items were due to have been delivered to clients by mid-October, she describes that,

> "Unfortunately the timing of delivery was far from satisfactory. All the farmers and groups interviewed had missed the first rains. The majority of inputs were delivered in the second half of DECEMBER. By this stage many clients had given up hope of receiving them."[56]

In her report, Helen is critical of the contracted suppliers, many of whom, she explains, failed to honour their commitments and keep to agreed schedules. Staff in the central purchasing team also made similar complaints, citing one example where 12 units of fertilizer had been ordered for one branch, but only three had been delivered. On another occasion, a piece of farming equipment had been delivered that was so badly damaged as to be unusable. Such failings were, however, only partial contributors to the observed delays. As Helen also notes, while she set-out a prescribed timetable for when Cloud Loan staff should order and distribute the various inputs, this was not adhered to. I spoke with a member of staff in the African Head Quarters about Helen's observations, and her response echoed the explanation for Lumbani's failure to respond to Calvin's IT requests. Helen was a volunteer, she explained, rarely in either the London or Malawian offices, and so could not personally oversee the day-to-day activities of the purchasing team, to ensure that work was progressing. I found members of the finance team reluctant to discuss the Farming Loans project, or the issues encountered therein. Comments that were made, however, were largely dismissive, with one member of the team conveying that he didn't like the project because Helen and staff from participating branches were always bothering him with complaints or demands, taking up time that he didn't have to spare. It was clear, in these limited conversations, that staff saw tasks related

[56] Cloud Loan Research Report (Cloud Loan Source 6.2) - emphasis in original

to the farming Loans as an irritating addition to their work, rather than an integral part of it, and prioritised their workloads accordingly.

Having identified in previous years this tendency for instructions not to be followed and tasks not to be prioritised, a local Project Manager had been appointed to oversee and coordinate work in the 2014/15 season. This appointment had, however, been unsuccessful. As Helen complained to me, he had received no guidance nor support from senior staff in the organisation, and so was unclear both on what his responsibilities were, and how he should pursue them. Here again Helen wrote in her report that the project manager should, in the future, be supervised by a manager who themselves had "strict performance related targets"[57] connected to the ambitions of the Farming Loans project. If the manager isn't held to account for such achievements, she continues, they will not encourage the project manager to prioritise these areas of work. Lipsky relates such tendencies to the imposition of controls and KPIs, similar to those that I have described in this chapter. Placing focus and rewards on certain aspects of operations, he explains, will have the unavoidable effect of deprioritising other areas of work (Lipsky, 1980). In addition to this de-prioritisation, I also argue that my observations here reflect mixed messages received by staff in Malawi about special initiatives, such as Farming Loans. As I discussed in Chapter 4, Alex, Cloud Loan's Director of Operations, was candidly critical of certain initiatives imposed by the London Head Office, complaining that they overcomplicated the organisation's work, and were time consuming distractions. In Chapter 4, I also explain that Alex's disregard for certain mandated practices had led to their de-prioritisation in in-country operations. In this context, with mixed-messages being received about what tasks should and should not be considered essential, staff in the African Head Quarters could be forgiven for thinking it acceptable not to follow Helen's instructions.

These observations raise that once again that within Cloud Loan, different teams were failing to effectively act in concert, and communicate, with one another. In this case, the result was that inputs were delivered late to

[57] Cloud Loan Research Report (Cloud Loan Source 6.2)

clients which, both Helen and branch office staff emphasised, severely limited the harvests that the farmers could expect to see, and therefore had a direct result on the benefit of these loans to participating clients. As Helen observes in her report, in agricultural initiatives, timing is key, and,

> "To encourage clients to take out a [Farming Loan] and then for head office to appear to have such a lack of understanding of the agricultural process and requirements is inexcusable and demonstrates a lack of appreciation of the precarious existence of the clients."[58]

Farmers in Malawi are all too familiar with the risks and vulnerabilities associated with agriculture. As I raise in Chapter 2, the World Bank (2017) estimates that the sector accounts for some 70% of total employment in the country, yet factors such as increasingly severe weather events, fluctuating market prices, and a need for scarce agricultural inputs see many of the country's farmers struggle to maintain their livelihoods (Coulibaly *et al*, 2015). In recent years, much attention has been paid by development actors to overcoming these vulnerabilities, and increasing the resilience of rural communities[59]. Such efforts throw in to stark contrast the actions that I observed around the Farming Loans, where, as I described, ensuring the timely delivery of inputs to maximise the chance of high yields was not prioritised by the staff responsible. Rather than making the farmers' circumstances less precarious, participants were instead left not only with lower than expected yields, but also with a debt to repay. It did not seem to me that the circumstances of clients, and the impact of delays upon them, were taken seriously in the delivery of this programme.

In Chapter 8, I go on to consider downward accountability in Cloud Loan, and raise that while the organisation speaks and acts on behalf of their clients, channels of communication and means by which the organisation can understand the circumstances and experiences of their clients are deficient. This lack of upwards communication through the organisation to decision makers is notable in this project. Agriculture, as I have raised, is a significant source of

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[58] Cloud Loan Research Report (Cloud Loan Source 6.2)

[59] See, for example, Asfaw *et al* (2015), and FAO (2012)

income and employment across Malawi, and this is particularly true in the rural communities where the Farming Loans work was undertaken. As such, participating clients will have come to the project from a position of experience and knowledge: while there was an identified need for training and inputs, they already had knowledge and expertise on what would work in and on the land that they were farming. Similarly, as Orr & Orr (2002) explore, Cloud Loan were not the first organisation that sought to address rural poverty in Malawi through the intensification of agriculture, yet the project was designed without input from clients on their experience of such interventions. As I also go on to argue in Chapter 8, these deficiencies in downward accountability are closely related to poor internal communication within Cloud Loan. As the individuals closest to clients, engaging with them most regularly and hearing of their challenges and achievements, it is the loan officers who, among Cloud Loan staff, can offer the greatest insight into the experience and preferences of their clients. As I have presented in this chapter, however, due to practical issues, and certain prejudices, the views of loan officers and branch staff were neither actively sought nor respected by decision makers.

The problems that I encountered around the purchasing of inputs also went beyond the previously observed delays in delivery. As staff in participating branch offices told me, Cloud Loan's purchasing team had been unable to secure several of the key items within the planned budget, meaning that the total cost of each package of inputs was higher than anticipated. These increased costs were passed on to clients so that many of those participating found themselves liable for larger loans than they had originally expected. Loan officers, as I have described previously, are, for the majority of clients, the face of Cloud Loan, and the person that they rely on for all information about their loan. As one officer in the third Central Region branch commented, however, "We are not consulted, so if things go wrong, we do not know what to say. We are the ones who have to explain to clients, but we are not told!". Other officers in participating branches made similar reflections, often sharing that they would give information to clients in good faith, only to find out later, from their colleagues in Head Quarters, that the situation had changed. Just as I discussed in Chapter 5 that issues around information sharing within the organisation hindered Cloud

Loan's accountability to donors, this example illustrates clearly the importance of strong and accurate communication between different parts of the organisation in enabling Cloud Loan to be accountable to their beneficiaries.

While these issues of internal communication, and their impact on external accountability, emerge frequently in this work, they are not unique to either Cloud Loan or microfinance. In their study of knowledge exchange in the Malawian healthcare sector, for example, LeMay & Bocock (2012) share a comment from a frontline worker that,

> "The most challenges that we face is mainly in the way information reaches us. Information reaches us late and we don't have materials to disseminate the information [to clients]." (LeMay & Bocock, 2012: 69)

The pair go on to note that, "Respondents tended to describe their culture as an oral one that does not … readily share technical information or knowledge" (LeMay & Bocock, 2012: 70), with individuals tending to prioritise tasks and relationships that were more immediate to them. Interestingly, however, the pair also observe that certain conditions within the organisations studied were exacerbating these national tendencies. In particular, they note the impact of staff shortages, describing that when individuals feel overworked and under-resourced, they become increasingly likely to focus on the customers and tasks that they can readily see, to the neglect of those that are more remote. This issue of staff being given insufficient time to complete the tasks demanded of them is one that I have raised throughout this thesis, and will return to in later chapters.

Conclusion

While discussions of accountability so frequently consider only the relationships and exchanges between organisations, such as the giving of reports to donors and regulators, or communications with clients and beneficiaries, in this chapter I have raised that integral to the success of an organisation, and to these wider forms of accountability, are strong, functioning systems of internal accountability: As Stephenson Jr. (2005) contends, coordination and communication between units are essential for the successful delivery of international development interventions. Furthermore, I argue that internal accountability should not be equated with control and hierarchy. Instead, building on the work of Diallo & Thuillier (2005), who emphasise the importance of trust and communication within organisations, I argue that there is a need for systems which foster dialogue and respect.

In this chapter, I explored ideas of trust and autonomy. In so doing, I raised that the location of an individual was an influential factor in the degree of trust placed in that person. There was, I observed, a stark contrast between the treatment of UK and Malawi based members of staff, which did not necessarily correspond to their positions in the organisational hierarchy. This, I argued, reflected the enduring personal influence of Cloud Loan's CEO and Founder, and his tendency to trust, and give greatest autonomy to, those whom he knew personally and engaged with regularly. As Fry (1995) observes, it is not uncommon for powerful individuals to act in this way, favouring the familiar. As I describe in this chapter, however, this form of favouritism has created and exacerbated tensions and inefficiencies across the organisation.

There have also been, I describe, efforts made to preserve the power and influence of this elite across the organisation. In this chapter, I presented the Cloud Loan KPI system, which was the means by which the organisation's leadership sought to monitor performance across its expansive geography. Roberts (1991; 2001) proposes that such tools can help an individual to see their place in an organisation, and evidence to their superiors the work that they are doing and achievements that they are making. As he describes, they act as 'a constant reminder that the security of self depends upon being able to continually meet the standards of utility that accounting advertises' (Roberts, 2001: 1553). In Cloud Loan, however, I observed that the KPIs were widely interpreted as a means by which senior management could control the minutiae of the organisation's work. They were, I continue, indicative of their lack of trust in staff working in branch offices, and did not fairly reflect the efforts of branch staff (Lipsky, 1980). Crowley & Ryan (2013), in their book on NGO management, are deeply critical of the 'command and control' styles of management that I saw being deployed in Cloud Loan. Reflecting McPeak's 2001 observations, that such an approach is common when an organisation's leadership feel that they are losing control of an expanding organisation, Crowley & Ryan conclude that, while popular, they represent an outdated and ineffective approach. In observing these practices in Cloud Loan, I drew a similar conclusion. Contrary to Roberts' unifying vision, the tensions and resentment around the KPIs, wider management and audit processes, and the perceived unfairness of reward systems, were fuelling animosity between different teams and locations within the organisation.

I also, in this chapter, investigated a troubling aspect of this favouritism: prejudice. I noted, for example, that in the wake of recent incidents of fraud, the organisation's centre has sought to regain control and order through the installation of expatriate members of staff into senior positions, previously occupied by Malawian nationals. This move, I describe, reflected the desire expressed by Mukasa (1999) for 'impartial gatekeepers', and in so doing betrays an assumption that these international appointees are inherently more capable than, and preferable to, national members of staff. This, I argue, reflects what Agaba (2018) describes as a 'hierarchy of worth' in the aid sector, and ignores the important roles of language and cultural familiarity in building effective networks and relationships. This issue of prejudice, I also note, was observable at the national, as well as the international level. In my examination of the Farming Loans project, for example, I describe that responsibility for purchasing inputs was centralised, in part because staff in central functions were considered to be more skilled than their colleagues in branch offices. This decision, I argue, once again overlooked the importance of local knowledge that frontline staff can bring to strategy and operations.

McPeak (2001) reflects that, as organisations grow and expand, a degree of specialisation occurs, with different functions commonly clustering around specific geographical locations. This was a pattern that I observed in Cloud Loan, with, for example, the concentration of fundraising staff and functions in the London office. Relationships with external actors are similarly not commonly held across organisations, but rather specific units will have their own set of relationships. Such specialisation creates an additional need for information to flow effectively around the organisation, as while a relationship may be held by one team or location, it is likely that they will require intelligence from elsewhere in the organisation. Major donors, for example, interact exclusively with London-based fundraisers, but the team require information from across the breadth of Cloud Loan's operations in order to fulfil reporting requirements. As I described in this chapter, the ability of loan officers to be transparent and accountable with their clients was hindered by insufficient information being made available to them. In contrast, however, demands from more powerful actors, such as regulators and donors, have been instrumental in the design of Cloud Loan's internal accountability. The KPIs and monthly performance report, for example, were designed to provide senior management in the African Head Quarters with information that they are required to submit to the country's microfinance regulator, the Reserve Bank of Malawi. As will be explored further in the following chapters, this is illustrative of Cloud Loan's prioritisation of upwards accountability. This tendency to prioritise the needs of influential actors emerges throughout this thesis, and is a manifestation of the same dynamics discussed in previous chapters, where I argued that the focus on business support was means of conforming and appealing to the preferences of a target group of supporters, and that the PPI tool had been adopted as a means of signalling the organisation's commitment to monitoring and evaluation, rather than for the value of the information produced.

In my investigation of Cloud Loan's Farming Loans initiative, I also raised the lack of consideration given to context and cultural norms in the project design. I noted, for example, the observed and expressed preference for face-to-face communication. While not a challenge specific to this project, or organisation, it was noteworthy that no accommodation had been made for such preferences within the organisation's approach to internal communication. I argue in this chapter that creating more opportunities for staff in different locations to meet and interact would reap wider benefits through relationships created. Furthermore, reflecting observations made by LeMay & Bocock (2012), I argue that the issues of understaffing and under-resourcing, observed throughout this thesis, are exacerbating the challenge of inter-location communications, to the detriment of the effectiveness and efficiency of Cloud Loan's programmes.

Chapter 7: Upwards Accountability

On my first trip to Malawi, while based in the Central Region, I unexpectedly found myself with a free-day. While I had seen and heard advertising and conversation about the following day being Mother's Day, I hadn't realised that in Malawi, the day is marked by a public holiday. As such, Cloud Loan's offices would be closed, and no group meetings were scheduled. Taking advantage of this break, I made the short journey to Senga Bay, on the shore of Lake Malawi, where I soon found a quiet spot on Livingstonia Beach. Shortly before lunch, two guests at the nearby hotel approached, asking if they could join me in the shade. The women, Hilda and Jennifer, were tourists from Arkansas, who explained that they had recently returned from a safari in Zambia, and were enjoying a few days at the lake before their flight home. On noticing the book that I was reading – Hugh Sinclair's, 'Confessions of a Microfinance Heretic: How Microlending Lost Its Way and Betrayed the Poor' – Hilda gasped at the title, and asked "Why would anyone be against microfinance? I mean, it helps poor women!". On hearing her friend's remark, Jennifer also turned to look at the book, commenting that her niece had talked about microfinance at a recent family dinner, and had decided to "sponsor an entrepreneur in India". It transpired that her niece was among the 1.6 million people[60] who invest in microfinance, and micro-entrepreneurs, through the online platform, Kiva:

> "It's wonderful" she commented of the site, "you get to read all about what the women plan to do with their loans before you choose one… you can make sure the money gets to someone who will really use it well…you know exactly where your money is going".

Through this celebrated platform, and its contemporaries, the stories of microfinance are brought to international audiences, new relationships are formed, and, as Schwittay (2014a) comments, all those in possession of a credit card can find themselves as commissioners of microfinance.

[60] Kiva: About Us https://www.kiva.org/about [accessed 14/6/17]

Introduction

In this chapter, I explore Cloud Loan's upwards accountability. As I introduced in Chapter 3, this is a form of accountability that is typified by hierarchy and power, describing as it does accountability to those influential actors without whose support work cannot be undertaken. Previously in this thesis I have argued that major decisions and activities had been made and undertaken in the interests of attracting and securing funding, raising that from this group of influential actors, it was those who provided funding that held a particular status within Cloud Loan.

In Chapter 2, I outlined that while the majority of Cloud Loan's income (40%) came from interest repaid by clients, the organisation had also attracted support from a range of actors from individuals, through corporations and trusts, to institutional donors. Roy (2010) similarly observes that support for microfinance includes, but also goes beyond, traditional international development donors. As she describes, "Microfinance is simply everywhere. It is both the celebrity cause and the ordinary citizen's development tool of choice" (Roy, 2010:xi). In this chapter, therefore, I focus on this popular appeal, exploring Cloud Loan's relationships with individual donors through online funding platforms, Kiva and LWC, which, Sengupta & Aubuchon argue, make microfinance, "as accessible to lenders as the Grameen Bank made microcredit accessible to borrowers" (Sengupta & Aubuchon, 2008: 28).

Characterised by their clear and concise articulations of where a supporter's money will go and how it will be used, these platforms can seem to represent the epitome of accountability and transparency. Armstrong *et al* (2018) present the work of Kiva in this light, explaining that the role of such online funding platforms, in the global 'microfinance ecosystem' is that of a connector, continuing that their purpose is to bring together, and create trust between, lenders and borrowers. Both Armstrong *et al*, and Kiva themselves, explain that not only can lenders choose where their money will go, but also that the processes put in place by the platform, through which these profiles are generated, offer assurance to lenders that the information they see is genuine

(Armstrong *et al*, 2018: 150). As I discuss in this chapter, however, what I observed during the course of this research was that a fundamental lack of transparency sits at the heart of these platforms. This lack of transparency, I argue, undermines Cloud Loan's accountability to their supporters, as unless these supporters are provided with reliable information on how their funds have been used and what achievements have been made as a result, their ability to hold Cloud Loan accountable is severely diminished.

Cloud Loan partner with two such online funding platforms, though as one, Lendwithcare (LWC), is closely modelled on the other, Kiva, I pay particular attention to Kiva in this chapter. I begin my discussion by offering a summary of Cloud Loan's work and history with the two platforms, and exploring the platforms' stated ambitions of brokering connections and relationships between lenders and borrowers. I then move on to discuss the efforts made towards achieving these ambitions, and explore how Cloud Loan responded to and managed these processes and requests. From this discussion, I highlight the disconnection between the stated aims of forging relationships, and the reality of how funds are used, which, I argue, creates what Dolan (2010) refers to as a paradox of visibility and concealment.

Institutional Donors

In this chapter, I focus specifically on Cloud Loan's partnership with online funding platforms, and through them, individual donors internationally. As I go on to describe, examination of these platforms offers valuable insight not only in to how Cloud Loan presents themselves and their work in public fora, but also into contemporary trends in charitable giving, and public discourse on international development. As I note in Chapter 2, however, these are not the only donors with whom Cloud Loan have a relationship. The organisation were, for example, recipients of funding from DFID through the agency's Global Poverty Action Fund (GPAF)[61]. In Chapter 5, I describe that attracting such funding was a key motivation behind Cloud Loan's development of their Social

[61] For more information on the GPAF, see: https://www.gov.uk/guidance/global-poverty-action-fund-gpaf

Performance Management function. Prior to this, much of the organisation's funding had come from groups and individuals who had a personal relationship with Cloud Loan's CEO and Founder. As the organisation grew, however, these sources were no longer sufficient, and the team were keen to attract funding from larger, institutional donors. Early efforts to access such funds had, however, been unsuccessful, with the organisation receiving feedback that their practice around monitoring and evaluation, and evidencing impact, needed improvement. Nina, one of the London-based fundraising officers, described to me that many of the organisation's early supporters demanded little in the way of reporting and accountability, so the step-up to the demands of donors such as DFID had been a significant one. That the preferences of influential donors had such a significant role in shaping Cloud Loan's operations and practice demonstrates the influence that the likes of DFID have on those whom they fund.

As I also describe in Chapter 5, the period in which Cloud Loan initiated their work on PPI was one where, in the UK, public support for international development was showing signs of faltering, and DFID were facing increasing calls from Government to make themselves more accountable for their spending. When, in May 2010, Andrew Mitchell assumed the office of Secretary of State for International Development he, as Valters & Whitty describe, "immediately positioned results, evidence, value for money and transparency at the centre of aid management" (Valters & Whitty, 2017: 9). Microfinance is notably an intervention which lends itself to the production of numbers, favoured under this agenda. In Chapter 6, I outline the highly quantitative approach to performance management within Cloud Loan, with the organisation's focus on tracking measures such as the number of clients and the size of the loan book, as well as PPI scores. The sector is also able to make such reports relatively quickly, with the majority of funds received being disbursed as loans, rather than invested in more complex projects. This is in contrast to, for example, advocacy programmes, where outputs and achievements can be both far less tangible, and often only realised over several years. The Results Agenda has, however, attracted vocal critics, among them Rosalind Eyben who observes that if results are demanded, then they will be produced, but whether they bear any relation to real change is a different matter (Eyben, 2013; 2015). Bateman & Chang are similarly critical of such simplification, observing that an ability to demonstrate that more micro-loans have been disbursed has too often been erroneously assumed be evidence that poverty has been reduced (Bateman & Chang, 2009: 2).

Despite such criticisms, the promise of mechanisms being put in place to provide evidence clearly proved persuasive, with discussion of PPI measures being particularly prominent in Cloud Loan's successful funding applications. Despite their promises, however, as I also note in Chapter 5, Cloud Loan were not always able to fulfil their commitments in this area. In one 2014 report to DFID, for example, Cloud Loan decsribe having been overwhelmed by the task of processing PPI data, and of having encountered issues with their management information system, which together had left them unable to provide required evidence of outreach and impact. In discussing this report with Cloud Loan's fundraising team, I had been surprised to learn that they had received no queries on this issue from the donor, who had instead been satisfied with the anecdotal stories of clients' successes, which had been included in the report. This observation supports an argument that I set-out in Chapter 5, which is that Cloud Loan being able to tell the story of their commitment to evidencing results and impact, demonstrated through their adoption of the PPI tool, was more persuasive than the quality of evidence that they were able to produce. In this chapter I build on this argument, contesting that where microfinance excels is in the creation of compelling and emotionally resonant stories, which ultimately have proved more lucrative for Cloud Loan than any more substantial forms of evidence.

Partnerships with Online Platforms

Founded in 2005, Kiva is a US based crowdfunding platform, commonly cited as being the first website to facilitate so called 'peer-to-peer' micro-loans. While other similar platforms have since come and gone, the site remains a dominant force, and is one of two such organisations with whom Cloud Loan partner.

Operating domestically and internationally, across 85 countries[62], Kiva hosts and promotes profiles of micro-entrepreneurs, and facilitates individuals and organisations from around the world in making small loans of upwards of $25US to their chosen borrower, pursuant to their mission, "to connect people through lending to alleviate poverty"[63]. Internationally, all these loans are extended through partner organisations, such as Cloud Loan. The relationship between the two organizations was established in 2014[64], and at the time of writing Cloud Loan is one of Kiva's four partners in Malawi[65]. In July 2018, Kiva reported that since the establishment of their partnership, 20,519 Cloud Loan clients had received support through the Kiva platform, totalling $2,039,225[66].

Cloud Loan's second partnership of this type is with Lend with Care (LWC), an initiative of the INGO, CARE International UK. The platform was launched in 2010, and is described as being, "a peer-to-peer lending relationship between people in the UK and people in the developing world" (CIUK 2015: 37). CARE explain that the initiative was modelled upon its predecessor Kiva, and operates along similar lines, facilitating opportunities for individuals to make loans of upwards of £15 to micro-entrepreneurs. This endeavour is articulated as being a response to learning from CARE's wider programmatic work, and the identification that microfinance could play a role in furthering the NGO's wider ambitions of overcoming poverty and injustice. What, CARE claim, has been holding back work in this area is a shortage of funding, and thus LWC was conceived as a means of attracting new funds to support poverty reduction efforts[67]. As Armstrong *et al* (2018) observe, this is an endeavour in which such platforms have been highly effective, appealing and engaging as they have, new groups of donors and supporters. Like Kiva, LWC work with local organizations to extend the loans advertised on their platform, and they began working with Cloud Loan in 2013[68]. At the time of writing Cloud Loan continues to be the only

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[62] Kiva: Why Kiva? https://www.kiva.org/ [accessed 1/7/18]
[63] Kiva: About Us https://www.kiva.org/about [accessed 14/6/17]
[64] Cloud Loan 2014 Annual Report (Cloud Loan Source 7.1)
[65] Kiva: Where Kiva Works https://www.kiva.org/about/where-kiva-works [accessed 1/7/18]
[66] Cloud Loan, Kiva Partner Profile (Cloud Loan Source 7.2)
[67] LWC: About Us https://www.lendwithcare.org/info/about_us [accessed 22/6/17]
[68] Cloud Loan 2013 Annual Report (Cloud Loan Source 7.3)

partner extending loans on behalf of LWC in Malawi. Cloud Loan do not themselves disclose the specific sums received from either Kiva or LWC and, unlike Kiva, LWC do not offer such data on specific partnerships.

Management from the African Head Quarters

While responsibility for fundraising in Cloud Loan was overwhelmingly held by the organisation's team in London, the partnerships with Kiva and LWC were unique in that they were managed from the African Head Quarters. Though the decision to enter into these partnerships had come from the CEO and Founder, there was very little input from UK staff in the day to day operations. Reflective of this status, senior managers based in Malawi, such as the country CEO, and the Head of Finance, often spoke with particular pride of these arrangements, with the former explaining that being selected as partners of these prestigious organisations reflected well on Cloud Loan, bestowing a status that brought respect from other actors in the Malawian microfinance sector. This echoed the sentiments of the London based CEO and Founder who often spoke of funding relationships in these terms, discussing the prestige that being supported by influential or well-known donors brought to the organisation. It was for this reason, he explained to me, that acquiring DFID funding had been a priority for him some years previously.

Responsible for coordinating Cloud Loan's work with Kiva and LWC was a Project Officer named Angelica. Angelica was the second incumbent of this role that I had met, with her predecessor, Paula, having left the organisation shortly after our brief meeting, on my first visit to the African Head Quarters. Her departure had been sudden, with a manager in the office later telling me that the role had not been a good fit, and that she had been encouraged, "to take a more appropriate role in a different organisation". Shortly before my time with Cloud Loan ended, Angelica herself left the organisation, with responsibility for work on the platforms passing to Elizabeth, an administrator and office assistant, then working with Elsie, the Head of Human Resources and Administration. I would later learn from Elsie that there had also been concerns about Angelica's performance in the role, with another member of staff telling me that Angelica had also been frustrated, as she felt that she was blamed for not delivering tasks which she had never been told were her responsibility, or properly shown how to do. These were sentiments that Angelica herself had expressed when we met.

Several months had passed between Paula's departure and a replacement being appointed. When she started, Angelica explained that she had met with a backlog of reports and requests for information, but had received no handover or induction. As the only member of staff in Malawi with responsibility for fundraising, she described that she had been left to ascertain the requirements of the role herself, through conversations with colleagues in other teams, and from some guidance materials provided by Kiva and LWC that she had found in her office. The lack of support that Angelica received in her role was symptomatic of the juxtaposition of pride and disinterest that I would see echoed across areas of work such as PPI (Chapter 5) and the Client Hotline (Chapter 8). While Cloud Loan's senior management spoke with pride at being a partner of Kiva and LWC, this pride did not translate into the investment of sufficient resources into this area of work. As I go on to describe in this chapter, collecting and processing the information required by these platforms engaged not only Angelica, but also staff across branch offices, who frequently raised that they were neither sufficiently supported nor rewarded in these tasks. The decision to absorb Angelica's responsibilities into Elizabeth's remit represented a further reduction in investment in this area of work as, as I discuss in Chapter 8, hers was an already overburdened role.

Creating Connections

Reflecting on international development, and the third sector more widely, the ways in which an individual can support a particular cause or agency are countless: In the past few days alone, I've been invited to drop my spare change in a bucket, to buy a piece of charity-branded merchandise, and to establish monthly direct debits. In Chapter 4, I discussed microfinance in the context of Bottom Billion Capitalism, raising that it is an initiative which resonates with commercial, neoliberal ideals, and as such, has successfully attracted new and different sources of support and funding. Cloud Loan, I discussed, have capitalised on this appeal, seeking to distinguish themselves from wider charitable efforts by promoting the idea that their interventions offered 'hope, not handouts' (Chapter 4). Furthermore, the organisation has sought to find innovative ways of appealing to, and engaging with, supporters attracted by this message.

As mechanisms for brokering funds, to support microfinance initiatives, Kiva and LWC have similarly sought to set themselves apart, in this crowded fundraising arena, by offering supporters a more intimate and personal link to the end beneficiary, than is offered by many other giving opportunities. As Kiva claimed in 2007,

> "Unlike any other organization, Kiva allows individuals to fight global poverty in a personal and sustainable way by enabling them to directly connect with low-income entrepreneurs in the developing world."[69]

Across the mission statements, and wider promotional materials of these two platforms, the theme of connecting individuals is prominent and oft-repeated. Returning to Jennifer on the beach in Livingstonia, it was this creation of a personal relationship that had made Kiva, and microfinance itself, such compelling propositions for her and her niece. Here, they felt, was an opportunity to directly affect change in the life of a specific, chosen, named individual. These are sentiments reflected too by Jessica Jackley, one of Kiva's co-founders. In her 2015 memoir, Jackley describes her desire to connect more deeply with those whom she wished to help as an inspiration for her work on the platform. As she recalls,

> "Part of me knew that giving a few dollars here and there was a cheap replacement for what I really sought. Deep down, I knew that I would never be satisfied until I could make some sort of real contact with the people I felt obligated to serve. In fact, I was becoming more and more certain that the strange cycle of giving in which I'd been participating actually made me feel more disconnected from the human beings I felt called to help" (Jackley, 2015:8).

[69] Kiva: loans that change lives http://media.kiva.org/KIVA_brochure_6.1.07.pdf

In microfinance, she continues, she found an alternative to the forms of charitable giving with which she had become so frustrated, and through developing Kiva, she had satisfied her desire for personal contact.

Jackley's ambitions of addressing global poverty and need, while achieving a sense of personal impact and connection, are not restricted to online lending platforms. Rather, they are prominent themes in what Ananya Roy terms as Millennial Development (Roy, 2010). As she describes, "The turn of the century has been marked by the emergence of remarkable global conscience: an awareness of world poverty and the articulation of the will to end poverty" (Roy, 2010: 6). While neither poverty nor compassion are new phenomena, what Roy argues is that the conceptualisation of, and form of interest in, poverty evolves according to wider trends, ideologies and concerns. Recent influential shifts have included ever increasing visibility, with real-time images and stories of global poverty becoming instantly accessible, and major cultural figures using their profile to draw western audiences to these issues and accounts, resulting in greater, if sometimes biased or superficial, awareness of development issues.

Emerging alongside such interest and awareness, however, has been frustration. The scale of these challenges can seem to dwarf into insignificance the efforts of any normal person, without the political leverage or access to funds of global players. Furthermore, while opportunities to engage in and support causes and initiatives proliferate, these have been accompanied by concern over the bureaucracy and trustworthiness of aid institutions (Keating *et al*, 2018). Online lending platforms offer a means of overcoming both these challenges. As I explore in the following section, a defining characteristic of these sites is that, rather than focusing on large and complex issues of poverty, they present visitors with the stories and circumstances of specific individuals. Alongside these stories is a pre-packaged and accessible solution: for you, the visitor, to give the person you are reading about a loan. As Schwittay (2014a) observes, the way in which issues of poverty are presented to a donor audience is often more telling of that audience's preferences and preconceptions, than the reality of the lives being shared. As she continues, the realities of extreme poverty may be too far removed from the lived experiences of those in more affluent countries to be comprehensible. Applying a recognizable metric, however, such as money, can provide a relatable touchstone: While ideas of poverty generally may be intangible and nebulous, the idea of having a shortage of funds, and therefore not being able to pursue desired ventures and activities, is wholly relatable. The financialization and presentation of poverty in this way is criticised by the likes of Hulme & Shepherd (2003), who argue that it creates and perpetuates an overly simplistic understanding the lives of people living in poverty. Such simplicity, however, can also be encouraging and empowering for the prospective lender, as by being in possession of a relatively small sum of money and a credit card, they are able to solve the issue put before them (Schwittay, 2014a).

This focus on targeting support to a specific individual also goes some way to addressing concerns over the opacity of NGOs and charitable giving, as donors are presented with a specific account of where their money is going and how it will be used. Exploring this characteristic, Roy frames Kiva as a portal of millennial development, through which lenders can transcend the barriers of geography and circumstance to achieve, "a liberal intimacy with the world's poor" (Roy, 2010: 33), with the transfer of money acting as a proxy for social interaction or connection. In so doing, loans made through these platforms allow the lender to signal not only their compassion, but also their integrity, as a person who is interested in understanding where their money is going (Elwood, 2015; Allison *et al*, 2013).

Client Profiles

To engender the sense of intimacy and personal connection, sought by Jackley, both LWC and Kiva maintain an intense focus on the individual. Little, if any, information is provided on the countries or contexts in which projects are operating, and allusions to microfinance itself are restricted to simplistic messages of empowerment and sustainability, echoing the narrative employed by Cloud Loan in their own promotional materials (Chapter 4). Instead, the pages of these websites are overwhelmingly occupied by images and stories of specific entrepreneurs. On clicking the prominent 'Lend' icon on Kiva's homepage, visitors to the site encounter what resembles a 'friends' list on

Facebook, or the pages of a school yearbook, with images of groups and individuals accompanied by short explanations of who they are, and why they are requesting a loan:

> "Alba Lisseth, El Salvador: A loan of $1,100 helps to buy pigs to fatten up and sell." for example, or "Linda Group, DRC: A loan of $9,850 helps a member to buy 3 bundles of bedding, pay for transport and build up her working capital."[70]

Clicking on the image of a borrower then takes the visitor to a more detailed profile of their chosen beneficiary. Alba's page, for example, offers that:

> "Alba is 24 years old. She went to school through grade 9. She is married and has a daughter. Her husband is a driver for public transportation.
>
> Alba has worked raising and selling pigs for two years. She decided to begin this occupation with the desire to generate income for her family. Her husband helps her care for the pigs in his spare time.
>
> Alba needs a loan to buy pigs to fatten up and sell. She dreams of giving her daughter a good education. She would also like to have a mill to provide that service since her community does not have one"[71]

In August 2018, the Kiva site included 6,112 such client profiles[72], all searchable through more than 40 categories and attributes, such as the gender or location of the client, their circumstances, or the nature of their enterprise, enabling the lender to target their support according to their own specific priorities and preferences. This ability to make targeted selections was a feature prized by the women that I had met on the beach in Livingstonia, and one that led Premal Shah, the President and Co-Founder of Kiva, to state in a 2006 interview that, "We like to think of ourselves as an eBay[73] for micro finance". Visitors can, Shah continues, peruse a number of different client profiles, before

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[70] Kiva, Lend https://www.kiva.org/lend [accessed 10/7/17]
[71] Kiva Profiles, Alba Lisseth https://www.kiva.org/lend/1544942 [accessed 10/7/17]
[72] Kiva, Lend https://www.kiva.org/lend [accessed 1/8/18]

[73] Notably eBay themselves founded a now defunct lending platform, Microplace. Discussing the platform, Holahan (2007) describes the site as being "a website launched by Tracey Pettengill Turner that lets small investors provide low-interest 'micro' loans, of US$50 or more, to would-be small business owners [which] benefits from the lessons eBay has learned working with small business owners and consumers who buy and sell on its family of sites"

selecting their preferred recipient, just as they do in their online shopping (NPR, 2006).

Cloud Loan Client Profiles

A core task of Angelica's was to draft profiles of the Cloud Loan clients who had been selected to feature on the Kiva and LWC platforms. This work required extensive input from branch staff, as it was they who would collect and supply the personal information about clients, integral to the profiles. In the absence of a formal induction, Angelica had explained that gaining an understanding of the structure and dynamics of Cloud Loan, and establishing relationships with those colleagues with whom she had to work, had been particularly challenging. There was no budget, she explained, for her to travel to branch offices and discuss the requirements with staff in person, meaning that she had to remotely influence their actions. This, she continued, remained the most challenging, and frustrating, part of her role. As I described in the previous chapter, similar frustrations with tasks associated with the platforms were raised by staff in branch offices, who recounted that they were often time consuming, and difficult to accomplish when the required IT equipment and support was not provided. As I also explored in Chapter 6, such tensions between teams and locations within Cloud Loan were common, further exacerbating the difficulty of Angelica's role.

As both the lending platforms stipulated that clients profiled on their sites must be unique, Cloud Loan designated eight of their offices as Kiva branches, and seven as LWC, thereby avoiding any crossover. In making these allocations, it was intended that there should be a mix of Kiva and LWC branches in each region, so as to allow the greatest variety of clients on each platform. Explaining this to me, Rose, one of Cloud Loan's Regional Managers, expressed her frustration with this decision, as it meant that she had found herself responsible for overseeing branches fulfilling the similar, but different requirements of the two platforms. This was a situation, she continued, that had resulted in her mistakenly having, on occasion, given wrong information to her branch managers, as she sought to understand and differentiate the demands of each organisation. Reflective of concerns discussed in the previous chapter, Rose continued that the specific demands were not always communicated to her in a clear and timely manner.

Angelica explained that she would receive notifications from Kiva and LWC, when they wanted more Malawian clients to feature on their platforms. She in turn would then send requests to relevant branch managers, who would, in consultation with their officers, select appropriate clients. As described in Chapter 2, Cloud Loan employed a group lending approach, meaning that group members shared responsibility for repaying the total sum borrowed by the group, but pursued their own business endeavours. In keeping with this approach, Cloud Loan would select whole groups to appear on the platforms, but feature one specific member of that group in the profile. In a recent, typical example, a profile on Kiva featured the name of the credit group, alongside a photograph of 19 women, one of whom had her hand raised. This was the featured client, and while visitors were invited to lend their support to the group, it was her story that was told, with details given of her age and the size of her family, as well as the nature of her business.

Selecting Clients

Good Groups

Cloud Loan's protocols dictated that only groups who were in at least their second loan cycle should be selected to feature on the platforms, with Rose emphasising that the group should have repaid their previous loan or loans without incident or delay. Several members of staff, in both Kiva and LWC branches, similarly reflected that an influential consideration when selecting clients was whether the group were a 'good group', meaning that they complied with Cloud Loan's rules and procedures, and were unlikely to have any problems either in repaying their loan, or in their wider circumstances.

The importance of selecting low maintenance, high performing groups was particularly emphasised by loan officers in the second Southern Region branch office. At the time of my visit, staff in the branch were, on top of their usual workload, facing the additional challenges of being severely short staffed, and of managing the fallout from recent, serious floods in the area. On our drive, Rose, the Regional Manager, had raised the staffing issue, explaining that fraudulent activity by three of the Branch's loan officers, and the Branch Manager, had been detected, and all had been fired. They were working, she continued, to recruit new loan officers as soon as possible, and had recently appointed a new branch manager. Throughout this thesis I have observed that the job of a loan officer was a demanding one, with constant conflicting pressures to both accomplish more tasks in client meetings, and to reach more clients. As a result of the recent dismissals, on top of these pressures, some of the remaining staff were managing almost twice their regular case load. Furthermore, following the extreme flooding in early 2015, many clients in the region had been left homeless, or had lost crops and other possessions essential to their business, so were requesting that their loans be written-off. Consideration of such requests necessitated additional actions and support from the loan officers. An further challenge for the team was that flooding had damaged, and in some cases made impassable, many of the roads and access routes used by the officers, greatly increasing already lengthy journey times for client visits. The significance of this last issue was starkly revealed on my second day with the team. I had left the office with one of the branch's loan officers, who estimated that it would take us 45 minutes to reach our first group. Nearly two hours later, however, we found ourselves back in town having tried two alternative routes to our destination, only to find the first still flooded and blocked with debris, and the second too covered in thick mud for the bike to pass through.

In the face of such pressures and demands, the whole team visibly bristled when, during a team meeting shortly after our arrival, Rose mentioned that Angelica had contacted her to complain that requested case studies had not been received. Speaking later with two of the officers present, I asked about the reaction;

> "There is always something else" one of the officers told me, "always something else that we must do. How can so many things be a priority? We are told you must do this, you must do that, you must ensure that your clients are repaying their loans…If we do not, they think we are lazy, but we are so busy!"

Echoing the comments of officers in other branches, the pair went on to explain that if there were no other issues to contend with, then obtaining and submitting the requested information was an irritation, but not overly problematic. When there were other matters requiring the time and attention of the officers, however, it became extremely difficult to take on any additional tasks.

Compelling Stories

The second criteria for client selection, as raised by the team in the second Central Region branch, was that the business and profile of the chosen individual should lend itself to a compelling narrative. As I described, these platforms seek to attract funds by drawing supporters into an emotional, as well as financial engagement, with the featured entrepreneurs (Yartey, 2017; Black, 2009), and compelling stories are the means by which such engagement is sought. The question of what constitutes a compelling story is one that has been much explored by academics and researchers interested in Kiva, but while there is broad agreement that the characteristics and presentation of clients impact the level of support that their online profile will receive (Martens, *et al,* 2007; Herzenstein *et al*, 2011), opinions vary on what attributes make a story most compelling. Allison *et al* (2015), for example, argue that biographies and profiles that evoke empathy, and an opportunity for the benefactor to feel that they are helping others, are more persuasive than those who focus on the client's business experience and endeavours. Moss *et al* (2015) conversely argue that,

> "Kiva lenders are more likely to fund ventures that signal autonomy, competitive aggressiveness, and risk taking. These same lenders are less likely to fund ventures that signal conscientiousness, courage, empathy, or warmth" (Moss *et al*, 2015: 45).

Galak *et al* (2011) also explore this issue, arguing that lenders are more likely to support entrepreneurs with whom they identify, or share some commonality, whether that be around gender, occupation, or individuals bearing the same name as themselves or a loved one. The trio conclude that, "despite the financially-oriented nature of microfinance, people are nonetheless affected by more psychological factors" (Galak *et al*, 2011: S135). While seemingly contradictory, these findings are also indicative of the diversity of support that microfinance, and online platforms receive. As Roodman observed, "Almost no development project has held such strong and multidimensional appeal as microcredit. It appeals to the left with talk of empowering women and the right by insisting on individual responsibility" (Roodman, 2012: 271). With such diverse interests on the part of donors, it is logical that they will find different stories and circumstances to be compelling propositions for support. As I return to later in this chapter, platforms such as Kiva are deliberately selecting and producing client profiles that will appeal to these diverse interests, much as other online sellers may seek to stock a variety of products. In this way, I argue, clients are being commodified, with the central purpose of the platforms being to create and sell stories, and the sense of intimacy and connection that these stories support. As I also argue, however, this focus on appealing stories can come at the cost of transparency.

Cloud Loan, as one provider of this diverse content offering, had several specific criteria that branch staff were instructed to use when selecting clients. Discussing these with Angelica, she raised that clients who were involved in farming or selling groceries tended to have their loan requests met most quickly, and as such, officers were encouraged to select from their clientele borrowers who were engaged in these activities. Angelica had, she explained, discussed this trend with her contact at Kiva who had been unsurprised, reflecting that these were endeavours which supporters could easily understand, and often perceived as being solid and sustainable businesses. This exchange highlighted the prioritisation of the interests of the lender, or customer, when identifying clients to be featured.

All Cloud Loan clients featured on the Kiva and LWC platforms were also female. While the majority of the organisation's clients were women, several branches in the southern and central regions also worked with male clients, who had been invited to join in one of the organisation's Venture Loan initiatives. This fact was not, however, alluded to in any of Cloud Loan's promotional materials. Discussing this trend with Nina, one of Cloud Loan's London-based fundraising officers, she had explained that to include male clients would have, "confused the brand", and that as men represented such a small proportion of the organisation's clientele, they were not a significant part of their story. Dogra (2012) observes that women and children are the most featured subjects of INGO literature and imagery, yet there is little diversity in their portrayal. The same is true of Cloud Loan's representation of their clients, on the funding platforms and beyond: despite the emphasis placed on individual stories, the women are described and pictured in similar terms, and become almost indistinguishable from one another. Black (2009; 2013) similarly comments on the predominance of female borrowers featured on Kiva's website, arguing that they are selected to appeal to prospective lenders, representing, as they are seen to do, the most sympathetic and deserving recipients of supports. In discussing this trend, Black draws parallels between client profiles and the fictionalised narratives of literature, which employ female characters in similarly emotive roles. On these platforms, she continues, female clients are transformed into the appealing, tragic heroines of poverty, observing that,

> "Through Kiva, lenders are allowed to perceive borrowers as fictional characters: figures whom they might read about and imaginatively engage with, if they so desire, but who will never speak back into the lives of those reading the website except through the careful mediation of Kiva's conventions" (Black, 2013: 117)

This quote from Black also draws attention to what is not included in the clients' stories and profiles, namely details of progress and achievement. As Black (2013) recounts, in Kiva's early days, regular updates, or journal postings, were published on the platform, detailing how featured clients had used, and benefited from, their loans. As the site has grown, however, the number of individuals featured has exceeded the platform's capacity to continue this function, resulting in fewer, more selective, updates being provided. When, in 2018, I made a loan through Kiva to a Cloud Loan client, I received no further information on that individual: their business or their circumstances. Instead, I received notifications that the loan was being repaid. Building on the work of Moodie (2013) Yartey (2017) asserts that,

> "Kiva has no mechanisms in place to find out what happens to borrowers once money is loaned to them; Kiva is rather focused on the process of lending and repayment of the loan to lenders, but not with the borrower managing the loan" (Yartey, 2017: 75).

The result is an upended approach to accountability. In the introductory chapters of this thesis, I observed that the relationships between donor and recipient, and the giving of an account by the latter to the former of how those funds were used and what was achieved, has been central to even the narrowest definitions of accountability. Here, however, we find donors to be more concerned with, and influenced by, compelling, constructed stories of need, than such matters of process or results. It is for the provision of compelling stories that the platforms, and their extending partners, are held accountable (Schwittay, 2014a; 2014b).

In this endeavour, the microfinance sector is excelling, yet, as Roy (2010) raises, even sector insiders have their doubts about whether actual achievements correspond with the stories and imagery being publicly presented. Recounting an interview with an official working for Consultative Group to Assist the Poor (CGAP), the World Bank hosted microfinance forum, Roy recalls their comments that the sector is more effective at producing emotive imagery and narrative that tugs on the heartstrings of supporters, than it is in making any real progress in alleviating poverty (Roy, 2010: 27).

This observation echoes arguments that I have made throughout this thesis, of accountability mechanisms and processes, such as PPI (Chapter 4) or the Client Hotline (Chapter 8), being adopted for their performative value, and the role they play in enabling Cloud Loan to construct and communicate a particular story of who they are, and what they do. As I raise in these discussions, I observed such stories to be more persuasive to external audiences than evidence of results.

Interest Rates

While it was common within Cloud Loan for Kiva and LWC to be discussed collectively and interchangeably, as Rose had raised, there were some differences between the requirements of the two platforms, which impacted how they were managed. The major difference came in the interest rates that clients featured on the platforms were charged for their loans. Both LWC and Kiva, Angelica told me, had stipulated maximum interest rates that their respective borrowers would pay. For LWC clients, this rate was 20%, the same as the organisation's standard loan rate. This was in line with guidance from the platform that, "the requirements of the Lendwithcare programme should not differ from normal loan provision practices" (Thomas, 2014). For clients in receipt of these loans, this meant that their experience would in no way differ from that of their non-featured contemporaries, or from previous loan cycles, as a result of their designation. Furthermore, while, as I describe in the next section, some additional information was collected from clients who were to be featured on the platform, this was often through a process indistinguishable from the wider tasks and data collection undertaken in the course of group meetings, meaning that clients may have been unaware that they were LWC Clients.

In contrast to the LWC groups, clients featured on the Kiva website paid a reduced rate of 12% interest on their loans. This was the lowest rate of interest charged by Cloud Loan for any of their loan products. I had heard about this lower rate from staff in several branch offices, so when I had the opportunity to speak to Angelica, one of my first questions was why this reduced rate was being offered. In response, she told me that it had been implemented at the insistence of Kiva, when their partnership with Cloud Loan had been established. On reviewing the MOU between the two organisations, however, I could find no mention of this required rate. Querying this again with Angelica, and with Alex, the Director of Operations, both told me that there were many elements of the arrangements with these two platforms that they did not fully understand, and this was one element of the programme which had passed into accepted wisdom and practice. Staff turnover, Alex explained, meant that there had been a significant loss of institutional memory, and the staff who had negotiated and signed the original agreements had long since left the organisation. Here again, issues of internal communication and knowledge management emerge. Finding myself unable to resolve the mystery of this reduced rate within Cloud Loan, I contacted Kiva representatives several times, asking for an opportunity to talk more about this issue, and their work in Malawi, but received no response.

Kiva's online presentation of the partnership similarly neither confirmed nor explained the 12% rate. Beyond confirming that clients would pay interest on their loans, no further details were provided. I found this surprising, as the negotiation of a reduced rate for clients supported through their platform would seem to be a compelling incentive for prospective lenders to channel their support in this way, yet no such information was provided. The lack of specific detail on interest rates was not, however, surprising. Elsewhere in this thesis I have raised that I often found it impossible to ascertain through publicly available sources, the interest rates charged by various microfinance organisations in Malawi. In an interview with the CEO of one lender, I had to ask several times what rates his organisation charged, as he repeatedly evaded the question. Consistently I was told, by practitioners and Government officials alike, that this was commercially sensitive information, which most organisations took steps to avoid making public. This was a pervasive transparency issue that cut across the sector.

While neither site provided specific information to lenders on how much the clients whom they support will pay in interest, both Kiva and LWC are forthright in their defence of interest being charged. Kiva, for example, explain on their website that revenue from interest payments is essential in enabling their extending partners to deliver and manage loans in often rural areas, and to provide support and services which add value to the loan, such as client training[74]. LWC post a similar explanation, but also raise that this interest revenue helps extending partners to offset the risk they incur by offering clients collateral free loans. Furthermore, LWC highlight the competitive value of their partners' loans against other, more expensive forms of borrowing[75].

Attaching this unique interest rate to groups designated as Kiva Clients, introduced additional considerations for client selection. As they were cheaper for the clients, participating branches were encouraged by senior managers in Malawi to treat 'Kiva Loans' as an incentive and reward for exceptionally good

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[74] Why are your Field Partners' interest rates so high? https://www.kiva.org/help/solution/why_are_your_field_partners_interest_rates_so_high [accessed 27/7/17]

[75] Cloud Loan, LWC Partner Profile (Cloud Loan Source 7.4)

groups. As previously described, groups were considered to be good if they complied with Cloud Loan's rules, and paid-off their loans without delay or incident. These cheaper, Kiva loans, staff in participating branches told me, were awarded to groups who had maintained such behaviour over several loan cycles. Notably, neither the poverty level of the clients, nor their business endeavours were considered in these decisions. The result of this was that clients whose income and circumstances had enabled them to manage successive loans were paying less for their new loan than others who were in more vulnerable or precarious positions. While this makes sense from a business perspective, with there being a lower risk of these more reliable clients defaulting on their loans, or needing additional support from Cloud Loan, it is somewhat contradictory to the Kiva messaging, that loans are going to those most in need.

Collecting Information

One loan officer told me that branch staff had little power to influence the behaviour of their clients, or to ensure their compliance with Cloud Loan regulations and protocols. As a result, he continued, being able to use Kiva Loans as an incentive to induce such good behaviour was something that he found valuable. This positive take on the Kiva and LWC loans was, however, an anomaly among the branch staff with whom I spoke. The majority opinion was that they were difficult and time consuming to manage, and, as discussed in the previous chapter, no additional support or reward was provided to staff undertaking these additional tasks.

As previously described, when new client profiles were required, Angelica would forward the platform's requests to relevant branch managers. They, with their loan officers, would then select groups, and from those groups, individual clients whose stories would be featured. At the next meeting of the selected group, the loan officer would collect information on that chosen individual. To assist in this process, a questionnaire had been developed by one of Angelica's predecessors, which was used in both Kiva and LWC branches. On this simple template, comprising one side of A4, the loan officer was required to record some general information about the group, including the number of members and the size of their collective loan. Having noted this information from group records, the loan officer would then take the client who had been selected as the featured borrower away from the group, as they did for the PPI interviews, and ask them 10 questions about their business and personal circumstances. These included,

- Marital Status
- No. of Household dependents
- Main Source of Client's Income
- Estimated Monthly Income
- How will you spend the money? How will this help your family?
- Why did you start the business?
- No. of People Employed in the Business?
- What are your personal goals for the future? Where do you see your business in 2 years?[76]

Much like the PPI interviews, I saw these conversations undertaken with little or no preamble or explanation, casting doubt over whether clients understood why these questions were being asked, or had consented to their information being used for this purpose.

At the same meeting, the loan officer would take a photograph of the group, with the featured client's hand raised. The walls of branch offices were always adorned with photographs of groups with whom the team were working, to help officers identify clients, so this act of having such a photograph taken would not have been an unusual experience. If the featured individual's business was nearby, the officer would often accompany the client to her place of work, and take additional, staged photographs of her going about her business, for example tending crops, working a sewing machine, or selling groceries. These images, as described, feature prominently on the platforms, but as Black (2013: 108) comments, they are deliberately not professionally shot, artistic portraits. Instead, she explains, their amateur quality is retained, so as to add authenticity and relatability, mimicking as they do the images that a prospective lender may take themselves. In so doing, they further the sites'

[76] Kiva and LWC Questionnaire (Cloud Loan Source 7.5)

ambitions of evoking empathy, and forging a sense of connection between lender and borrower.

Having recorded by hand the client's answers, these were then scanned and emailed by the loan officer, along with the digital photographs, to Angelica. Discussing Kiva, Sinclair (2012) dismissively comments that, "It doesn't cost much to hire some local staff to snap photos, write little stories, and send them off to the U.S." (2012:175). While it is true to say that the task of collecting information for the platforms was not in and of itself onerous, to staff in the field, it was perceived as being yet one more task in the ever-increasing list of demands being placed upon them. As I described in the previous chapter, a particular grievance voiced by many branch staff was that they received no financial reward for completing this work in a timely manner, and they were therefore inclined to prioritise work that would attract a bonus. Furthermore, as I also raised in Chapter 6, this work was vulnerable to faults and failings in the IT equipment in branch offices, and when such faults occurred, support from Head Office was often not forthcoming.

Creating Profiles

On receiving the forms, Angelica would use the information recorded on the questionnaires to draft a short profile of the featured client. This, she would upload to either the Kiva or LWC system. Those she submitted to LWC, Angelica explained, would usually either be rejected, or accepted and posted almost exactly as she had written it on to the LWC platform. The most common reason given for a profile being rejected, she explained, was that the photograph did not meet the Platform's requirements. Sometimes, she explained, officers would forget to ask the featured client to raise their hand, or the image would be out of focus. In these cases, Angelica would usually request that the loan officer take new pictures at the group's next meeting, and with these, she would re-submit the profile.

For the Kiva submissions, as previously raised these would be received, reviewed and edited by one of Kiva's global volunteers. As Allison *et al* (2013) argue, the content and visual appeal of a profile can play a major role in determining the level of support that it will attract. As they observe,

> "the language used in entrepreneurial narratives may influence the decision to invest in a new venture … our study suggests that entrepreneurial narratives be carefully crafted to maximize the likelihood of securing funds from potential investors" (Allison *et al*, 2013: 705).

Kiva's specialist team of volunteers represent a means by which appealing profiles can consistently be generated, compensating for the varying skills of submitting staff in partner organisations. Gajjala *et al* (2011), however, while similarly acknowledging the importance of presenting borrowers as empathetic and deserving of support, also note the removal of agency and subjugation of the borrowers that can occur in this process. In findings from their visual and content analysis of Kiva profiles, they observe that,

> "the image that is meant to be persuasive to the lender from the affluent world, serves to inadvertently portray the image of a borrower from the third world as an object of charity rather than as a budding entrepreneur" (Gajjala *et al*, 2011: 888).

Furthermore, as all the content that ultimately appears on the profiles has been edited and approved by a team of volunteers, working with a common set of corporate guidance, there is a flattening of the variety in the stories portrayed. Regardless of where the borrower is located, their personal characteristics, or their intentions for the loan, all profiles follow the same form, obscuring the diversity of geography, culture, and circumstance of those profiled on the site (Schwittay, 2014b; Yartey, 2017).

Armstrong *et al* (2018) also discuss the review and crafting processes undertaken by Kiva, before profiles are published online. These, they argue, are processes which enhance the value of the platform, explaining that information is checked and verified, so that visitors to the site can be assured of the legitimacy of the borrowers' profiles and requests. In so doing, they continue, trust is built between parties. Tremblay-Boire & Prakash (2017) similarly emphasise the importance of, and desire for, such assurance mechanisms, when donors cannot physically oversee how their funds are being used, as is common in international development work. Dolan (2010) also reflects on the importance of trust in virtual exchange, in her study of support for Fairtrade. As she observes, however, an essential component in creating trust, partnership, and legitimate representation, is the inclusion of those who are being represented. Having recounted the process by which information was collected and profiles generated in Cloud Loan, I have observed that representations were made of individual clients, with limited input or consent from those individuals. As I described, information was hastily collected in the field, crafted in to a profile by the Project Officer, and then submitted to kiva for their review before publication. At each stage, the person creating the profile became further removed from the individual about whom they were writing, yet had greater voice in determining how that person would be represented. In Chapter 8, I explore more fully issues of downward accountability, or Cloud Loan's engagement with their clients, and the impact of deficiencies in this area on wider organisational legitimacy and effectiveness.

The Illusion of Connection

As I have detailed in this chapter, significant work and consideration went in to selecting clients, collecting their information, and crafting the appealing profiles that would appear online. Despite these efforts, and the sites' wider messaging to the contrary, however, the decision of a Kiva or LWC lender to support a particular Cloud Loan entrepreneur had no direct effect on that borrower. By the time a client profile had been posted and begun to attract support, that individual's loan would already have been made, and they would most likely be in the process of, or may even have completed, repayment.

In a 2007 brochure, Kiva stated that, "When a loan is completely funded by individual lenders, Kiva pools the money and transfers it to an MFI [Microfinance Institution] partner who administers it to the entrepreneur" [77]. This description of the process supports the wider impression conveyed to potential lenders, that it is their support that is essential, and will make a

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[77] Kiva: loans that change lives http://media.kiva.org/KIVA_brochure_6.1.07.pdf

difference for the pictured individual: only if and when funds are provided by supporters will the borrower receive the support they are requesting. In reality, however, this would prove impractical. If the sites were true to this version of events, then a situation would be created where, having had their information collected, and profiles compiled and posted, clients would be left in limbo, waiting weeks or months to find out if or when they would receive a loan, and unsure of how much they would receive.

Instead, Angelica explained to me that Cloud Loan, as other extending partners of these platforms also do, use the money to backfill loans already granted. When support is received for an individual or group featured on the platform, funds are transferred to Cloud Loan, who add this sum to the general funds available for lending in Malawi. Operating in this way transfers the risk of a loan not being funded away from the client and on to Cloud Loan, as even if the funding target is not met, no money will be withdrawn or withheld from the group. Conversely, the client's business could fail, or the group could default, but the lender will still receive repayment of their investment, with the accompanying belief that the borrower's endeavours were successful, thereby also preserving the lender's emotional investment.

Since the 2007 publication of the previously referenced information leaflet, Kiva have updated their messaging to acknowledge that their partners may manage loans in this way, now stating on their website that, "when a lender supports a partner loan on Kiva, the borrower may already have those funds in hand"[78]. This acknowledgement is, however, made on a relatively obscure page of the organisation's website, with more prominent content continuing to emphasise the direct role that lenders can play in the lives of featured borrowers.

Understanding that loans do not go to the profiled client changes the status of these online profiles. Rather than real people with whom lenders are invited and supported to form a direct relationship, they become avatars for the extending partner's wider ambitions, strategy and work. While it is not unusual

78 Kiva, About https://www.kiva.org/about/how [accessed 24/7/17]

for those seeking to represent complex realities to present simplified representations, I argue that that there is a fundamental lack of transparency in the approach of these platforms, in their continual reinforcement of the idea that lenders are forging direct, personal connections. Not only are names and images used, but exact sums are requested for specific purposes, and Kiva provide 'real time' information on the giving and receiving of loans through their 'Happening Now' map[79], where summaries of recently granted loans appear, and metrics are constantly updated. On visiting the page, for example, we see an update that, "Vareesha made a loan, which helps Aneela buy a new Juki sewing machine for her tailoring purposes"[80], accompanied by photographs of both Vareesha and Aneela. Scrolling down the page, high level information on where loans are coming from and going to, and the purposes to which these funds will be put, is constantly being updated. The abundance of such detailed information would seem to be the epitome of transparency and accountability, yet as I have raised in this chapter, where it concerns the actions and involvement of partners who work as Cloud Loan do, it is largely a work of fiction.

Partner Profiles

In this chapter so far, I have focused on the lending platforms' presentation of borrowers. As I raised in the previous section, however, in Cloud Loan, funds were received by the organisation generally, rather than named clients specifically. This way of managing funds means that the information provided on who the extending partner is, and what they do, offers greater insight to the lender on how their funds will be used, than the stories of clients. Though less prominent than the image and story of the borrower, information on the extending partner for the loan is provided by Kiva, as part of the more detailed client profile. This information typically includes an overview of the organisation's relationship with the platform, outlining, for example, how long the organisations have been working together, and the number and total value of loans that have been supported. Also included is a quote from a Kiva

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[79] Kiva: Happening Now https://www.kiva.org/live
[80] Kiva: Happening Now https://www.kiva.org/live [accessed 3/7/18]

representative, under the heading of, “This loan is special because”. On the profiles of Cloud Loan clients, the explanation is given that,

> “This loan is special because: It enables women living below the poverty line to start businesses”, continuing that, “This loan is part of [Cloud Loan] Malawi's efforts to provide very poor women, mostly below the poverty line of $1.25 per day, startup capital for small businesses. The organization uses a data system to target women that qualify for this program”[81]

As I raised in Chapters 4 and 5, while this statement is in keeping with Cloud Loan’s presented ambitions, my findings were that Cloud Loan did not track the way that loans were used by clients, beyond information provided in the loan application, and therefore could not systematically evidence this claim that loans were being used for their stated purpose of business investment. My findings in these chapters also challenge the claims around poverty outreach. Contrary to the suggestions here, the Progress out of Poverty Index (PPI) was not used by Cloud Loan as a means of targeting clients of particular wealth or poverty, as information was only collected after clients had begun working with the organisation. Furthermore, in Chapter 5 I also raised that Cloud Loan’s PPI data indicated that, since the adoption of the tool in 2010, the majority of the organisation’s clients were considered to be living above, rather than below, the $1.25 a day poverty line[82].

Such discrepancies between the claims made by Cloud Loan on the Kiva website, and my observations of their operations, challenge the claims made by Armstrong *et al* (2018) that platforms such as Kiva and LWC offer a means of enhancing accountability to donors through their quality control and validation mechanisms. What mechanisms there were had either failed to identify the issues I raise here, or accuracy and transparency had not been prioritised in the generation of the Cloud Loan profile. Speaking with a senior member of staff in the African Head Quarters, this impression of the platforms employing a light approach to verification was strengthened further. In our conversation, he

[81] Kiva Website (Cloud Loan Source 7.6)

[82] In 2015, 49.8% of Cloud Loan clients were considered to be living under $1.25 a day, while 84.3% were considered to be living under $2.50 (Chapter 5)

observed of their requirements that they were, “easy, not like some funding where there are so many visits, and inspections, and reports”.

It is also not the case that Cloud Loan is an isolated example of such discrepancies having occurred. In his 2012 book, Hugh Sinclair recounts in great detail his experience with the Nigerian microfinance organisation, Lift Above Poverty Organization, or LAPO. Criticisms of this organisation, he reports, have included concerns over extortionate interest rates, misappropriated client savings, and the disproportionate retention of profits within the organisation. LAPO was one of Kiva’s partners in Nigeria, though when the stories of corruption came to public attention, their relationship ended[83]. Before this time, however, there was no indication of the extortionate practices that would later be exposed, suggesting again the deficiencies of Kiva’s verification processes. As I argued previously, it is for compelling stories, not reliable information, that these platforms are held accountable for providing. This lack of rigour and transparency can, as a New York Times writer observed, mean that lenders may unwittingly find themselves supporting and perpetuating the exploitative behaviours that they turned to these platforms to avoid. (MacFarquhar, 2010).

Transparency, whether about how funds will actually be used, or issues of internal corruption, is, however, not without its risks. In Chapter 4 I reflected on the dilemma faced by many NGOs, between presenting an appealing, if misleading, narrative, which attracts the funding that the organisation needs, versus being more open with current and potential donors, and risking the consequences of reduced funding or support (Blowfield & Dolan, 2008; Gray, 2001; Owen *et al*, 2001; O’Dwyer, 2005). In Cloud Loan’s communication and engagement with their supporters through these platforms, I have argued in this chapter that they have pursued the misleading, but appealing approach.

[83]While no full explanation of the reason for the dissolution of the partnership is provided on the site, Kiva offer the statement that, “Kiva and the Lift Above Poverty Organization (LAPO) have agreed to discontinue their partnership at this time. LAPO's full balance has been repaid and the partnership is now closed. We sincerely thank LAPO for working so closely with Kiva and supporting our mission since the earliest days of the organization.” https://www.kiva.org/about/where-kiva-works/partners/20 [accessed 16/7/18]

Conclusion

Accountability, as I've argued throughout this thesis, is a concept fundamentally concerned with relationships, and communication and exchange between actors. In this chapter I have explored upwards accountability in Cloud Loan, through examination of the organisation's work with the online funding platforms, Kiva and LWC. Through these platforms, Cloud Loan communicate, and establish relationships with, financial supporters.

What makes these platforms of particular interest in a study of accountability is that establishing relationships, and a sense of connection and intimacy on the part of the donor, is core to their operational model, with such connections being fostered through the presentation of specific information on where funds will go and how they will be used. In a competitive fundraising arena, NGOs must seek new and innovative ways of attracting and retaining support, and the sense of connection generated by these platforms has resonated with the aspirations and values of so called 'Millennial Development' (Roy, 2010), and proved lucrative for microfinance organisations.

Through the sites' search functions, lenders can peruse details of thousands of potential borrowers, and choose to target their support to the individual whose story they find most compelling. It is this function that led Kiva's co-founder, Premal Shah to describe his site as "eBay for micro finance" (NPR, 2006). This analogy, however, draws attention to the contradiction between the aspirations of genuine connection, and the power imbalance inherent to this transactional approach. While lenders are invited to enact their own preferences, and empowered through the provision of an achievable, impactful action, the client has had their information and likeness reshaped by strangers into a story designed to appeal to western audiences (Gajjala *et* al, 2011; Schwittay, 2014a; Schwittay, 2014b; Henkel & Stirrat, 2001; Yartey, 2017). In so doing, these sites have conformed to a tendency observed by Lidchi, of organizations presenting people living in poverty as "fetishistic objects, docile and visible bodies" (Lidchi, 1999: 90).

Ebrahim (2005) is among those who observe the ever increasing influence of funders' agendas, preferences and priorities on the operations of NGOs, and particularly on accountability policy and practice. In Chapter 3, I raised that the influence of powerful actors over the accountability agenda is often justified by claims that powerful actors are making these demands in the interest of protecting vulnerable communities. In this chapter, however, I observed that the processes put in place were extractive and disempowering, resulting in a loss of agency on the part of clients, whose images and stories were commodified in the interests of Cloud Loan. As such, I also argue that this area of work highlights the need for concerted efforts to promote downward accountability, an area of work I explore more fully in the next chapter.

In this chapter I also raised the falsehood which sits at the core of these platforms, in my observation that Cloud Loan did not pass on funds directly to the profiled group or individual. This meant that the decision of a Kiva or LWC lender, to support a particular Cloud Loan entrepreneur, had no direct effect on that borrower: By the time a client profile had been posted, that individual's loan would already have been made, and they would most likely be in the process of, or may even have completed, repayment. Instead, funds received from the platforms were added to those available for general lending across the country. This practice, while acknowledged in the small print of Kiva's website, contradicted sharply the message of direct, interpersonal connection that was emphasised across the platforms. This, I argue, represents a fundamental lack of transparency. While lenders are furnished with information that would seem to represent the epitome of accountability and transparency, where it concerns the actions and involvement of partners who work as Cloud Loan do, it is largely a work of fiction, creating what Dolan (2010) refers to as a paradox of visibility and concealment. In this observation I agree with Sinclair, who comments of lending platforms, such as Kiva and LWC, that they are "craftily designed to extract money from the hapless user" (Sinclair, 2012:169). Just as clients are disempowered through the loss of agency and control over their own representation, the ability of lenders to make informed decisions is also being hindered by misleading and inaccurate information.

Fox (2007) observes of the relationship between transparency and accountability that while the two can overlap and can be mutually supportive, they are not synonymous, and that often increased transparency, or the making available of information, can be seen as an easier alternative to addressing the richer, more complex engagements of accountability. I argue however, that my analysis of Cloud Loan's work with online funding platforms demonstrates the fundamental importance of transparency. The absence of transparency, manifested here in the misleading narratives, and flawed information, undermines the relationships that are founded on that misinformation. The result is that while these, and wider processes discussed in this thesis, are designed to appeal and to and communicate with funders, what is being created is the illusion of upwards accountability. I observed in Chapter 3 that when an actor cannot threaten to withhold funds or essential permissions, their ability to hold agencies accountable for their actions, is limited. The example of these platforms, however, raises that this ability is similarly limited by a lack of reliable information: For donors and regulators to hold Cloud Loan accountable for their actions and achievements, a realistic account of these actions and achievements must be provided. While Premal Shah compared Kiva to eBay, a more appropriate online comparison, I argue, would be to say that these platforms offer a form of Poverty Tinder, with visitors invited to make judgements and selections based on carefully constructed representations, and the most superficial of information. As with the dating app, it must be questioned how genuine the resulting relationships can be.

Chapter 8: Downward Accountability

Just after 3 o'clock on a Thursday afternoon, Eddie, a loan officer from the second Central Region branch, and I arrive to meet our third group of the day. Not unusually, we are almost two hours behind schedule, and while Eddie had texted ahead to say that we were running late, the group are quick to make visible their frustration at having been kept waiting. The meeting place is on the edge of the village, and as we approach I see two benches intersecting to form a 'V', around the base of a large and shady tree. Six women are seated on the benches when we pull-up, and as we disembark from the bike and remove our helmets, one woman rises to meet us, gesturing angrily at her waiting colleagues. She explains that several group members had not been able to wait any longer, and had returned to their homes or businesses, and dispatches two of those present to summon them back for the meeting. As we wait for their return, Eddie unloads files and training materials from his backpack, and we carry them over to the seating area. As we walk, and even once we are seated, the same woman continues to follow Eddie, talking and gesturing in an animated fashion, while other members watch closely. He later tells me that she had been complaining that Cloud Loan officers were always late, and that this showed a lack of respect for clients. One comment in particular stood out as he recounted that, "she says if we do not respect them, why should they respect us?".

Eddie is visibly shaken by the encounter, and seeks to calm the mood, repeatedly apologising, and explaining that our previous groups had overrun. He tries to move proceedings on, gathering the clients back to the meeting space, and with the arrival of the remaining group members, the meeting begins. Despite the commotion at the start of the meeting, the group are largely silent during the training, which this week focuses on the importance of savings. I saw this same training module delivered several times before and after this meeting, and in those other sessions there would be an interactive component. In the second Southern Region branch, for example, the officer distributed three leaves to each member of the group, and asked the clients to hold up each in turn, and relate to the group what three plans and ambitions they had for their savings. Common answers would be a desire to extend or improve their homes, to purchase land, or to fund a child's education. While the props would differ, depending on the officer and the environment, this was the first time that I had seen the exercise excluded completely. Speaking to Eddie later that evening, I asked him about the meeting, and whether that was how he always ran this particular session. The difficult day, however, had clearly affected him, and he was not in the mood to talk, so I didn't press the issue.

The next day, however, was Friday, and as was Cloud Loan policy, this meant that no group visits were scheduled, and Eddie and the other loan officers were in the office all day. As the rest of the team were busy with paperwork and other tasks, we had tea together. He was clearly in better spirits than he had been the previous evening, so I asked again about the meeting. "They are a difficult group", he responded, "Usually we don't have these kind of problems, the clients understand us. But sometimes…sometimes there is a difficult group." He went on to explain that this was the group's second loan cycle, and while there had been relatively few issues, beyond the teething problems to be expected with new clients, in the previous round, this time tensions such as those I had seen the day before had become common. At the root of the problems, Eddie reported, was a frustration with the savings requirement. While Cloud Loan is a non-deposit taking MFI, they do stipulate that clients must make a savings deposit at each repayment meeting. The amount to be saved is determined for each client at the start of the loan cycle, and is proportionate to the size of the loan that the client holds. This requirement is described by Cloud Loan as being a key means of ensuring sustainable outcomes for the client. On their website, for example, Cloud Loan explain that that by establishing this habit of saving, clients are encouraged to become more "financially prudent"[84]. Within some groups, however, there was frustration at this requirement. Discussing the group that we had met the day before, Eddie recounted that shortly after starting this second loan cycle, the group had asked

[84] Cloud Loan Website (Cloud Loan Source 8.1)

to abandon the fortnightly savings deposits. Instead, they had wanted to combine the funds to make larger repayments against their loans, paying off the sum more quickly. In other situations, I observed clients making savings deposits of less than the originally agreed amount, and loan officers were generally relaxed about occasional shortfalls, commenting that such instances often coincided with periods where clients had faced unexpected expenses, or were related to general peaks and troughs in household or business income. Eddie explained, however, that the model being proposed by this group represented a more substantive issue. Loan repayment periods were standardised and centrally determined, he continued, and no flexibility was possible. As such, he had denied the group's request immediately. In the third Central Region branch, I witnessed an almost identical exchange with one of the Farming Loan groups, who similarly had asked to repay their loan in fewer, larger instalments. Here again, the loan officer explained that this was not possible, and the response was similarly ill-received.

This inflexibility was a choice made by senior staff within Cloud Loan, with the then Head of Operations explaining to me that this frequency of repayments was informed by his observation that other microfinance organisations employing a similar schedule saw that it enabled the best balance between ensuring that clients could afford repayments, while not stretching the repayment period for too long, which would require clients to pay more interest. As Joseph, the senior Social Performance Officer, later explained, the repayment period was also fixed due to the inflexibility of the organisation's loan management IT system, which made it impossible for loans that deviated from prescribed periods and rates to be entered in to the system.

While I can't say whether reducing savings and paying the loans off more quickly would have been viable or beneficial options for these clients, what I found striking was that these requests were not considered. As discussed in previous chapters, Cloud Loan offered various different loan products, often as the bequest of donors who wished to see particular services provided in return for their support. Despite repeated requests from clients, across different branches and regions, for a loan that could be repaid more quickly and without a savings requirement, however, no such loan product was being considered by cloud Loan, and their inflexibility in existing products remained constant.

As Lipsky (1980) describes, and as was discussed in Chapter 4, workers in roles similar to those of Cloud Loan's loan officers frequently find themselves forced to routinize their work, engaging with clients as collective units rather than offering bespoke, individual services, in order to balance the needs of their clients with organisational concerns around efficiency and maximising outreach. As Lipsky also describes, however, so called, street-level bureaucrats must also, "at least be open to the possibility that each client presents special circumstances and opportunities that may require fresh thinking and flexible action" (Lipsky, 1980: 161). In contrast, however, as I go on to describe in this chapter, no such discretion was afforded to loan officers, who were instead encouraged always to prioritise the demands and priorities of the organisation, and adhere to prescribed rules and protocols. This supports an argument made in this chapter, and across this thesis, that Cloud Loan are not meaningfully seeking to hold themselves accountable to their clients, with products and services being designed to conform to the interests and agendas of donors and other powerful actors, rather than to meet the expressed needs and wishes of those in whose name work is being undertaken.

While loan officers and other staff would explain to me after meetings why they had felt obliged to refuse such requests of their clients, it was also notable that no such explanation was offered to the clients themselves. At most, there would be a reiteration of the organisation's policy that loans were repayable over a prescribed period, and that savings were mandatory. The residual effects of concerns being dismissed in this way included the tensions and animosity that I had observed in the second Central Region branch, and my experiences, both there and in the third Central Region branch, brought in to question Cloud Loan's commitment to "listen to our clients and measure 'social performance' to enhance our services and social purpose."[85] It is this

[85] Cloud Loan 2015 Annual Report (Cloud Loan Source 8.2)

commitment that is the starting point for this chapter, resonating as it does with the question of to whom microfinance organisations are accountable.

Introduction

In this chapter, I continue to explore the question of to whom Cloud Loan are accountable, focusing on the organisation's relationship with, and accountability to, their clients. Building on the introduction to downward accountability, presented in Chapter 3, I begin by discussing the vital role that these relationships play in establishing the legitimacy and effectiveness of an organisation, and their interventions. I also, in this discussion, argue that it is the responsibility of the implementing organisation to ensure that opportunities and mechanisms are created to ensure effective, two-way communication with those in whose name they are working, because, as Bhatnagar & Williams observe, "People do not participate in external interventions; they live their lives" (1992:181).

Having established, therefore, the importance of Cloud Loan proactively engaging with, and inviting feedback from, their clients, I go on to explore downward accountability through examination of the organisation's Client Hotline. This phone line service, was, I discuss, launched by the organisation in 2011, and was described to me by the Senior SPM Officer as being "a mechanism to ensure that problems are raised and recorded". It is also an area of work that is much discussed in Cloud Loan's donor reports and public and literature. As the organisation's CEO and Founder articulates in such a report, "Since we made our first loan in Malawi, [Cloud Loan] has always listened attentively to its clients"[86], and the Hotline is described as the means by which this ambition is achieved.

Despite the status of the service, however, in exploring the Hotline in practice, I observe various issues, which I discuss in this chapter. Firstly, the service was not well used, with only a handful of contacts being received every month. This was in stark contrast to the abundance of questions and feedback

[86] Cloud Loan Research Report (Cloud Loan Source 8.3)

that I observed in group meetings. The Service was also not prioritised, or sufficiently resourced, internally, with responsibility for its management frequently being transferred between teams and departments, and for periods, abandoned. Furthermore, the information generated through the service was not taken seriously, with only cursory feedback being given to clients, and no substantive action taken.

In considering these failings, I argue that, reflecting a trend observed in previous chapters, it is the existence of the service that Cloud Loan value, rather than the dialogue and interactions than it can support, or the information that it can generate. Furthermore, I identify that the Hotline was developed primarily with the interests of the sector regulator, the Reserve Bank of Malawi, in mind, and question whether such imposed tools can meaningfully promote downward accountability, if they are not embraced, resourced and integrated into the implementing organisation's wider practice.

Downward Accountability

In 2000, an article published in The Economist reported on civil society activism and protest around the 1999 Seattle meeting of the World Trade Organisation (WTO). In this scathing piece, two powerful questions were asked of the massed actors: Who elected Oxfam, and who holds the activists accountable?' (The Economist, 2000). These questions captured concerns over whether protestors were speaking from a position informed by, and in the genuine interests of, those they purported to represent. These are questions that permeate discourse on accountability, and find particular resonance in discussion of downward accountability. As concerns have risen over the ethics and efficacy of externally imposed, top-down approaches to development, discourse and practice around participation, and downward accountability, have emerged as means of supporting communities to hold powerful actors to account for their actions and commitments, and to have a voice in shaping the interventions that affect their lives (Chambers, 1983; Cooke & Kothari, 2001; Lentfer, 2012).

Reflecting on the importance of investing in relationships between implementing agencies and their intended beneficiaries, Montanaro comments that, "If a constituency cannot exercise authorization and demand accountability, this opens the space for an abuse of power" (Montanaro, 2018: 79). Microfinance is an arena where such abuse and exploitation has been shown to be possible. Sinclair, for example, recounts tales of MFI lending and collection practices that have destroyed the lives of those whom they purported to be helping, tracing horrific events such as the suicides of clients in Andhra Pradesh[87] back to the encouragement of over-indebtedness and bullying by MFIs (Sinclair, 2012: 205-208). While not reaching the extremes of Sinclair's examples from India, neither the Malawian microfinance sector generally, nor Cloud Loan specifically, are immune from such issues. As will be recounted in the later section on Regulation, a major impetus for creating a regulatory framework in the country was, a representative of the Reserve Bank of Malawi told me, to protect clients from asset grabbing and other harmful practices that had been observed in several microfinance institutions. As has been discussed previously, numerous incidents of fraud and malpractice among Cloud Loan staff were raised by various individuals over the course of this study, and in this chapter I will return to these issues, reflecting on the role of mechanisms of downward accountability in identifying and addressing such behaviour.

In addition to the potential for mechanisms and processes of downward accountability to reduce incidents of harm experienced by clients, there are compelling arguments that such initiatives go to the heart of an organisation's legitimacy to operate (Jordan & van Tuijl, 2006). Cloud Loan have successfully attracted funding from a range of prestigious individual, corporate and government donors, and have the ear of the Government of Malawi, as participants and consultees in the development of microfinance policy. Founded by a British man in London, removed from clients both in terms of geographical location and personal characteristics and circumstances, Cloud Loan is not, however, an organisation that holds a 'natural' right to speak or act on behalf of its claimed constituency, of women living in poverty in rural Malawi (Montanaro, 2018). This is not a situation, however, that should preclude such

[87] See, for example, http://www.businessinsider.com/hundreds-of-suicides-in-india-linked-to-microfinance-organizations-2012-2?IR=T

action. Rather, as Montanaro (2012) and Chung *et al* (2012) emphasise, international, or otherwise external, actors can play a valuable role in addressing issues around poverty and human rights. Montanaro (2018), for example discusses achievements of such actors in being able to amplify the voices of communities affected by a particular issue, allowing them to be heard in ways that would not otherwise have been achieved. This idea resonated with my observations of the microfinance sector in Malawi. Across various meetings with Government officials, engaged in making and monitoring microfinance policy, I was struck by the limited direct exposure they had to microfinance programmes and clients. Adwell Zembele, for example, was the Chief Economist in the Ministry of Finance, Economic Planning and Development, and was also the Strand Lead for Economic Development, providing a point of coordination between Scottish Government funded activities under this theme, and the Government of Malawi[88]. Despite holding this role, however, neither he nor his department received any funding from the Scottish Government, and without such support, he explained, the cost of travelling to visit projects was prohibitive, and something that he could only do around once a year. Beyond this, he was reliant on the reports of implementing agencies for intelligence. A similar issue emerged in conversations with Peter Mwale, the Desk Officer for Village Savings & Loans and Microfinance, also based within the Ministry of Finance, Economic Planning and Development. Peter held responsibility for overseeing work in these two fields, and monitoring achievements against the ambitions articulated in the Ministry's 2012, Malawi National Social Support Programme (MNSSP) (GoM, 2012b). The Programme sets out a number of

[88] As the Scotland Malawi Partnership describe, "One of the unique and effective features of the Governmental links over the past 10 years has been the formal coordinating structures between government and civil servants between Scotland and Malawi. All projects are formally signed off both by the Minister responsible for international/foreign affairs in Scotland and Malawi, and the decision on which areas of work to fund are influenced by the priorities communicated by the Government of Malawi through meetings of the "Joint Permanent Commission of Cooperation" (JPCC). Following the awarding of funds grant managers in for the Scottish Government have direct counterparts in Malawi (called "Strand Leads") who are responsible for supporting the Malawi side of the funded projects under their strand. This structure ensure that projects meets the needs and priorities as identified by the Government of Malawi, contributing towards development aid principles of alignment and harmonisation, and reducing the duplication of effort." (Scotland Malawi Partnership, 2015)

specific, quantified targets for the microfinance sector, yet when I asked about progress towards these, Peter admitted that the planned monitoring and evaluation work had not been delivered, due to budgetary constraints, and a reluctance on the part of practitioners to provide the required information for fear that it would jeopardise their competitive advantage. Instead, he too was reliant on publicly available reports and literature that practitioners produced for themselves or donors, and the work of the microfinance regulator, the Reserve Bank of Malawi, though he commented of the latter that they too were often unwilling to share information.

While the MNSSP's introduction emphasises the consultative processes through which the final document was generated, it is notable that Cloud Loan's then Malawi Chief Executive was one of only nine 'drafting participants' for the microfinance section, alongside senior representatives of other MFIs and various Government officials. No direct input from actual or intended clients of microfinance organisations were engaged directly. Cloud Loan have been regular participants and consultees in the development of such national policy around microfinance, engaged to bring the voices of their clients in to the process. As such, it is essential that Cloud Loan have relationships with their clients that enable them to accurately and effectively speak on their behalf. In seeking to achieve such informed and productive relationships, Mansbridge (2009) is among those who raise effective, two-way communication as being essential in order to manage and overcome inevitable disagreements between parties, and to ensure the legitimacy of action and advocacy. In agreement with this assertion, Bhatnagar & Williams additionally emphasise that it is a duty of the actor seeking to work on behalf of a constituency to ensure that mechanisms and processes to enable necessary consultation, communication and feedback are in place, stating that,

> "People do not participate in external interventions; they live their lives. External interventions interfere in their lives and, therefore, the onus lies on external agencies, not people, to devise methods to participate" (Bhatnagar & Williams, 1992: 181).

In the following section I explore the method devised by Cloud Loan for this purpose: The Client Hotline.

Before considering the Hotline, however, it is valuable to reflect on the wider context of downward accountability in Malawi. As Sibande & Thinyane (2016) review, the rights of citizens to participate in, and be informed on, decisions and activities which affect their lives is enshrined in Malawian law. Despite these legal provisions, however, the pair go on to note that, "There is a striking mismatch between the theories of citizen participation and the actual status of citizen participation in Malawi" (Sibande & Thinyane, 2016: 3). Actors including the World Bank and DFID are engaged in ongoing efforts to promote downward accountability and opportunities for citizen engagement and participation in the country. The 'Liu Lathu' programme, for example, sought to trial different technologies and mechanisms whereby poorer citizens of Malawi could make their voices heard by, and influence actions of, governments and state bodies (Chiweza & Tembo, 2012). While these initiatives have achieved varying degrees of success, Norad (2013) note that the challenge of overcoming entrenched tendencies towards hierarchical and centralised structures, which typify public life in Malawi, remains a constant and significant challenge to their promotion of feedback and engagement. Tembo (2013) similarly notes these issues, expanding that unless those in privileged positions of power feel their status to be in some way threatened or fragile, there is a tendency for complaints or feedback received not to be acted upon. While Chiweza & Tembo (2012), and Tembo (2013) note that civil society organisations can play a vital role in overcoming these tendencies, and promoting downward accountability, they also acknowledge that this repeated lack of action has left many in Malawi disinclined to make such representations through accountability channels. To be utilised, therefore, and for entrenched perceptions to be overcome, it is imperative that intended users see their complaints taken seriously, and resulting in change.

The Client Hotline

I encountered the Hotline only a couple of days after arriving for my first visit to Malawi. Before visiting any of the branch offices, I spent several days with Social Performance Management Team in the African Head Quarters, and specifically with Simon, the Senior SPM Officer. In one of our early conversations, Simon reviewed for me the function and activities of his team, explaining that, "[Cloud Loan] want there to be a positive experience for groups…we are working on adopting good collection practices". There were three main areas of work, he explained, through which the organisation sought to achieve this objective. The first and second of these were the use of the Progress out of Poverty Index, to assess the impact of Cloud Loan loans in terms of poverty reduction, and efforts to build the capacity and skills of clients through training programmes, as discussed in chapters 5 and 4 respectively. The third component, he continued, was the Client Hotline, which he described as being, "a mechanism to ensure that problems are raised and recorded". Cloud Loan's website similarly describes the service as being a means by which any clients can raise concerns, complaints or comments about the organisation and their work[89].

Developed in 2011 and officially launched in 2012[90], the Hotline initiative in Cloud Loan has two parts: one reactive, the other, proactive. The reactive component is a model that is easily recognisable as a feedback or complaints mechanism. The number for a dedicated phone and text line, monitored from the African Head Quarters, is shared with all clients, who are invited to use the service to contact the organisation for any reason, but particularly to raise issues that either have not been dealt with by their local branch, or that they do not feel comfortable raising with the local staff. A record is made of issues raised in this way, and then, according to Cloud Loan policy, complaints are usually resolved on the same day that they are received. If further action is required, the statement continues, then they will be escalated to relevant senior managers[91].

A distinguishing feature of this component of the service is that, while it is not the only mechanism for data collection utilised by Cloud Loan, unlike other tools such as PPI which collect information against pre-set, standardised

[89] Cloud Loan Website (Cloud Loan Source 8.4)
[90] Cloud Loan 2011 Annual Report (Cloud Loan Source 8.5)
[91] Cloud Loan Website (Cloud Loan Source 8.4)

questions, it is the only formal mechanism that is open, with clients invited to raise any issue or question that they wish. As such, it offers the potential to capture information that is unexpected, or that otherwise would not be raised through other SPM activities. For this potential to be realised, however, such information has to be valued and utilised, enabling it to inform strategy and decision making, and as emerges in this chapter,

The second, proactive function, was a later addition to the service. Elsie, the Head of HR and Administration in Malawi, described that following the launch of the service, Senior Management had wanted to ensure that the number was being disseminated effectively. To this end, an administrator was tasked with calling several, randomly selected to clients, to check that the details of the Hotline service had been shared with them. This task had since been formalised and expanded, and at the point of my conversation with Simon, it was an established component of the SPM team's responsibilities. Simon described that every month, he or one of his colleagues would call three clients from each branch, randomly selected from the records of clients against whom a working phone number is held. In these spot-check calls, clients are asked two questions: firstly, whether they recall the content of their last training session, and secondly, whether they are aware of the Hotline, and what opportunities there are to raise questions or concerns about Cloud Loan's work. Responses to each of these questions, as well as details of which clients were called, are recorded on the same master spreadsheet as incoming Hotline calls.

The Hotline in Practice: An under-resourced service

In presenting the organisation's work on social performance management, Simon had given equal weight to each of the three activities: client training, the Progress out of Poverty Index, and the Client Hotline. This balance was not, however, reflected in my observations of the SPM team, in my time in with branch offices, or in subsequent conversations. As previously recounted, PPI had an almost overwhelming physical presence in the SPM team's tiny office in the African Head Quarters, with the paper submissions from field staff forming precarious towers across all available floor and surface space. It was to process these forms that a temporary Data Assistant had been recruited, as the task had so overwhelmed the capacity of the two permanent team members (Chapter 5). Simon had explained that there was currently a particular backlog of data to process, due to a combination of factors that included downtime in the central IT system, and his being pulled away to support other projects, but that they were always trying to keep up with the inflow. The cyclical nature of the organisation's work meant that, as new groups were formed and new loans approved, there would always be this influx of PPI reports. As such, Simon confirmed, this work was a constant demand on their time, and having observed the SPM staff manually input every item of this flow of data from the field, it became difficult to imagine their undertaking, with equal commitment, additional significant tasks.

During our initial conversation about the Hotline, I asked more about the practicalities of the initiative, including how calls were logged and complaints progressed, and the nature of issues that had been raised through the service. In answer, Simon gave me an electronic copy of a spreadsheet, titled 'Hotline Follow ups Report', which contained details both of contacts received, and the outcome of spot-check calls. The document, he explained, was a live one, updated every month, so at this stage it contained information from the first four months of 2014. The cover sheet of this multi-page document included guidelines for staff on how to log information. Under the section on received contacts, for example, staff were reminded that, "All calls received on the client hotline must be recorded in the database". When discussing the spot-check calls, staff were instructed to, "Choose 3 clients per branch per month who have a working telephone number", and reminded that, "All calls given must be recorded in the database (even if the client refuses to answer the questions)". The development of the Hotline tool will be returned to later in this chapter, but this document, as with wider processes and procedures associated with the initiative were, Simon explained, developed primarily by he and Matilda, the Social Performance Manager, with input from the wider Malawi senior management team. At this time, it was Simon's responsibility, with support from the SPM Assistant, to manage, and undertake all tasks associated with, the Hotline. Part of the way through this study, however, Simon was promoted and relocated from the SPM team to a Regional Manager role, based in the Northern Region of Malawi. On my subsequent visits to the African Head Quarters, I sought to obtain updated information on the contacts received through, and wider work around, the Hotline, but this proved to be more difficult than anticipated as the role of Senior SPM Officer had been vacant since Simon's departure, and had not been filled by the time that my engagement with Cloud Loan ended. I approached several senior members of staff in the African Head Quarters, to try and obtain the updated records, but following vague and non-committal responses on the subject, the information was never forthcoming. It was only on my final visit to Malawi that I was able to learn more.

Twice a day in the African Head Quarters, a thermos of hot water would be delivered to every office, along with mugs, tea bags, sugar, and powdered milk, signalling the opportunity for a short break. On my final visit to the office, I used the opportunity of the tea break to catch up with Elizabeth, an Office Assistant who worked closely with Elsie, the Head of Human Resources and Administration, and who had been invaluable in helping to arrange my visits to various branch offices, thanks to her personal connections with staff in the field. Every time that I had spoken to Elizabeth, her role appeared to have expanded. Shortly before returning for this visit, I had learned that, Angelica, the LWC and Kiva Project Officer, had left Cloud Loan, having only been in the role for a few months. On top of her wider administrative and support responsibilities, I had heard that Elizabeth had taken-on the duties that had constituted Angelica's full-time role, coordinating work around the online funding platforms, discussed in Chapter 7. I had a number of questions about the platforms that had arisen on recent branch office visits, and was keen to learn more about this transfer of responsibilities, so over tea we arranged to meet again later that afternoon, to discuss further. Accordingly, we met in the busy office shared by Elizabeth and three other administrative officers, who provided support to various senior managers. As was typical, our conversation was interrupted several times as Elizabeth had to break-off to answer the phone, or assist with queries from colleagues who came to her door, but between these interruptions I learned that she had also recently taken on responsibility for managing the Hotline. When Simon had been promoted to Regional Manager, she explained, he had not been replaced in his SPM role, leaving his remaining colleague over-stretched and overwhelmed. Consequently, work on the Hotline had been put to the side as she sought to keep on top of the incoming PPI data. After a period of time, the precise duration of which I was unable to glean in this, or wider, conversations, it had been acknowledged by Malawi senior management that the SPM team no longer had the capacity to manage work on the Hotline. As a result, responsibility for the service had been shifted from the SPM team to the Finance department. Here again, however, a similar situation was created when the Head of Finance was promoted to Acting CEO, following the departure of the former Malawi CEO amid allegations of fraud. The Finance role was not back-filled, and once again other priorities, particularly the Finance team's work on procuring and developing the new Management Information System, meant that little attention was paid to the service. Consequently, responsibility had from there been passed to Elsie, the Head of Human Resources and Administration, who in a later conversation voiced agreement with this decision, reflecting that the initiative had more in common with her work on HR and performance management, than it did with finance. Having found a new home in HR, Elsie had passed on the responsibility to Elizabeth.

Spending reflecting priorities

The Hotline, it seemed, had become something of a hot potato, bouncing between departments, and in each being deemed less of a priority than other tasks. My overriding impression was that concerns about balancing the demands of the Hotline with wider workloads were legitimate, but not necessarily unavoidable. Rather, I argue, it speaks to a wider theme that has emerged throughout this thesis around how resources are allocated, and the prioritisation of financial performance and keeping costs low. As I describe in this section, Cloud Loan consistently failed to adequately staff and resource the Hotline, meaning that while it was promoted to donors and supporters as the means by which the organisation could listen and learn from their clients, such benefits were not being achieved. This offers a valuable insight into the priorities of the organisation, and the question of to whom they sought to be accountable. At the same time as the events described in this chapter were taking place, Cloud Loan had several full time members of staff in London, undertaking activities such as those described in Chapter 4, where Nina, the Fundraising Officer, would visit corporate supporters to provide updates on Cloud Loan's work, and answer any questions that they may have. As Chapter 6 discussed, when funds were required to facilitate a fundraising and communications initiative, these were readily made available. These efforts to be accountable to donors and supports were accounting for a significant proportion of Cloud Loan's spending, yet, as this section describes, the initiative that Cloud Loan described as the means by which they sought to be accountable to their clients, was consistently under-resourced, highlighting the disparity of esteem in which Cloud Loan held these two groups.

The trigger for the events that Elizabeth described had been the reduced capacity in the Social Performance Management team, caused by Simon's departure. The Director of Operations explained that there was an intention to recruit a replacement, but that this had been delayed by senior management in London who wished to review staffing structures in Malawi more generally, before bringing in anyone new. By the end of my time with the organisation, no replacement had been appointed. This was not the first time that I had encountered positions remaining vacant for long stretches of time. As outlined above, when the Head of Finance had been asked to take on the role of Acting CEO, no additional capacity was provided to support him in taking on these additional responsibilities, thereby adding to the already heavy workloads of other staff members working in his team. This was not a phenomenon restricted to in-country roles. As was raised in Chapter 5, when the Social Performance Manager, Matilda, the most senior staff member working on SPM, went on maternity leave for a year, her role was not covered. This decision had been motivated by the potential financial savings, and had had implications for work in this area, with Simon commenting that the team's projects had stalled, and new initiatives had been delayed, in her absence. While the Director of Operations, Alex, commented that it was often difficult to recruit for specialist roles, in each of these cases, costs were a motivating factor, reflecting comments raised previously by a representative of one of Cloud Loan's partner organisations, where he had described the Founder and CEO as being cheap, explaining that he "did not pay his people well". This dynamic of assigning additional responsibilities to teams and individuals, without a corresponding increase in capacity to enable the completion of required tasks, is also redolent of previously discussed observations in branch offices, where loan officers were asked to complete more tasks in their meetings with credit groups, while also seeking to increase the number of clients that they visited (Chapter 6). Here again, Roodman's observations of the continual conflict between a microfinance organisation's business interests, and their desire to achieve social impact, resonates (Roodman, 2012).

As a service delivery organisation, time is both Cloud Loan's most valuable asset, and greatest expense, and how it allocates this resource can be taken to be indicative of the organisation's priorities. The Hotline is no exception, with the allocation of sufficient staff time to record incoming contacts, promote the service, and follow-up on issues raised being integral and essential to the initiative's success. I argue that, across the organisation, insufficient staff time was allocated to the service, limiting its potential to support downward accountability. I further argue that this inadequate resourcing is symbolic of Cloud Loan's relationships with their clients, and the enabling of client feedback and engagement not being a priority for the organisation.

To understand the importance of staff time in making the Hotline work, it is helpful to look again at the initiative in practice. As outlined previously, there are two elements to the Hotline service, the reactive, and the proactive. The reactive describes incoming communications from clients, by phone or text. When such contacts are received, the responsible officer in the African Head Quarters records the details of the client's questions or feedback on a large Excel spreadsheet. The below shows an extract of the 2014 document, showing details of contacts received in February, and the range of information recorded against each item.

Branch	Client Name	Group Name	Date of Call	Time of Call	Brief Description of Complaint	Complaint Category	Urgency	Responsible Staff	Responsible Staff Acknowledged Complaint?	Has Client Received Response?	Date of Response?	Issue resolved?
[redacted]	[redacted]	[redacted]	03/02/2013[92]	10:33 AM	LO is late for repayment meeting	LO late or absent	Urgent	OM/HRM	Yes	Yes	03/02/2014	Yes
[redacted]	[redacted]	[redacted]	11/02/2014	11:09 AM	LO is not attending meetings, the group has finished repayment waiting to sign another loan	LO late or absent	Urgent	OM/HRM	Yes	Yes	11/02/2014	Yes
[redacted]	[redacted]	[redacted]	19/02/2014	11:32 AM	LO is late for loan agreement meeting	LO late or absent	Urgent	CEO/RM	Yes	Yes	19/02/2014	Yes
[redacted]	[redacted]	[redacted]	24/02/2014	10:39 AM	LO is not attending meetings, the group has finished repayment waiting to sign another loan	LO late or absent	Urgent	CEO/RM	Yes	Yes	24/02/2014	Yes
[redacted]	[redacted]	[redacted]	26/02/2014	10:32 AM	LO is late for loan agreement meeting	LO late or absent	Urgent	CEO/RM	Yes	Yes	26/02/2014	Yes
[redacted]	[redacted]	[redacted]	27/02/2014	11:02 AM	Confirmation of disbursement meeting	Disbursement delay	Urgent	CEO/RM	Yes	Yes	27/02/2014	Yes

[93]

[92] Mistake in the original record
[93] Cloud Loan, February 2014 Hotline Records (Cloud Loan Source 8.6)

In my first conversation about the Hotline with Simon, he shared with me a document covering the first four months of 2014, from which the preceding extract is taken, and following my conversation with Elizabeth, she sent me the most recent working document, containing information on the first eight months of 2015. A gap of eight months existed between the information that Simon had previously shared, and the start of this report, but Elizabeth explained that she did not know where this missing information was held, and had not seen it herself. Furthermore, on the 2015 document, there was no record of any contacts having been received in July, the month prior to my conversation with Elizabeth. While it was not unusual for a low number of contacts to be received, for example in June there had been only one, this was the only month that was completely blank. I queried this with Elizabeth, who explained that the gap coincided with the period of time when the Finance department were requesting that responsibility for the service should be reallocated, and a decision had yet to be made about where its new home should be. During this time, it appeared, if contacts were made, they were not received, meaning that this line of communication was not open to clients, as a direct result of insufficient staff capacity being allocated to the service. These conversations also raised concerns in my mind about whether contacts could have been missed in previous transfers of responsibility, and when I raised these concerns, separately, with Elsie and Elizabeth, both responded that there was no way to know whether this could be the case.

Promotion and Understanding

The number of contacts recorded was also concerning for another reason. Cloud Loan reported that they ended 2015 with 25,897[94] active clients in Malawi, yet in the 2014 and 2015 reports, no more than six contacts were recorded each month. As discussed previously, if feedback from clients received in the field is not being progressed through loan officers, then the Hotline represents the only dedicated channel through which perspectives of clients are captured, and can be heard, at the Head Office level. If such feedback is not forthcoming, then this

[94] Cloud Loan 2015 Annual Report, (Cloud Loan Source 8.2)

raises concerns about whether it is generating the intelligence required to combat claims of uninformed representation, or enabling the quality of dialogue required to promote Mansbridge's prescribed strong, two-way communication. On seeing the extremely low numbers of calls received, I had immediate questions about how the initiative was promoted, and whether clients were aware of the service. Helpfully the Hotline spreadsheet provided some insight into this second question. As outlined previously, part of the proactive element of the Hotline is that every month, three clients from each branch were called by an officer from the African Head Quarters, and asked a set of questions. One of the questions asked in these spot-check calls was whether clients were aware of the Hotline. Simon explained that this was intended and recorded as a Yes or No question, but that he would interrogate either response, for example asking a positive respondent whether they were also aware of what the service was for, and how it could be accessed. Quarterly summaries of the proportion of clients in each branch who responded positively to this question are reported on the same spreadsheet as the incoming contacts. The data to which I had access covered five operating quarters across 2014 and 2015, and from the 88 entries, only five showed a 100% positive response, with 17 showing 0%, reflecting that on these occasions none of the clients polled in that branch were aware of the service.[95] In three branches, 0% scores were recorded in at least two of the five quarters, and in one branch, in three. I asked both Simon and Elsie, on separate occasions, what happened when branches received such low scores, and both times received the same response: The Regional Manager would be asked to remind branch staff to share the phone number. Beyond such reminders, no action was taken, and no changes had been made, or were planned, to the way in which the service was promoted.

This issue of client knowledge brings in the vital role that branch staff play in the Hotline. While it is designed as a two-way communication link between clients and the African Head Quarters, loan officers, as the members of staff with whom clients interact most regularly, and sometimes near exclusively, they play a vital role as intermediaries in the service. The technical component

[95] Cloud Loan, April 2014 Hotline Records (Cloud Loan Source 8.7)

of beneficiary feedback systems, which in this case is the creation of the phone line, can only ever be a partial element of rolling out and delivering the wider service. The number must be shared with clients, who in turn must be supported to understand the purpose of the initiative, when and how it should be used, and what to expect when issues are raised. It is a pervasive issue across societies that groups and individuals may not know the full range of rights and entitlements that they hold, limiting their ability to demand them, and challenge situations where they are denied. As Marini *et* al (2017) also observe, without building in a strong educational component to accompany the Hotline, its potential is already being limited. As such, the service must be considered as part of a wider process of ensuring that all clients understand their rights, and what actions and behaviours they can expect from Cloud Loan staff.

The ever-expanding list of tasks that Loan Officers were expected to complete in their client meetings has been discussed at length throughout this thesis, as have the increasing pressures faced by branch staff to engage greater numbers of clients. While informing clients about the Hotline was considered by branch staff as yet another task on their already long lists, Simon observed that promoting the service, "shouldn't be too much [for the Loan Officers], it is taking some work away from them and helping them". This mismatch of perspectives echoes the observations made in Chapter 6, that branch staff felt that Cloud Loan's Head Office did not understand or appreciate the demands of their roles. While other tasks were accompanied by a range of templates and tools, developed to guide the officer through the process of collecting PPI information, for example, or delivering a specific training module, no such materials were provided to support the dissemination of information about the Hotline. Furthermore, while other meeting tasks were accompanied by the completion of extensive forms and paperwork, used in part as a means for Head Office to ensure that the task had been undertaken as prescribed, no such checks were in place on activities related to the Hotline. This further supports my argument that this was not an area of work that was prioritised by Cloud Loan's leadership.

On my final visit to Malawi I travelled to Dedza to meet with another microfinance NGO operating in the country, Insure & Lend[96]. In an interview with the Insure & Lend Chief Executive, he raised that they also had a beneficiary feedback system which worked along very similar lines to the Cloud Loan Hotline. What was notable, however, was that the organisation had invested in physical tools to help field officers promote the service. While at Cloud Loan, Loan Officers are responsible for both coordinating loan applications and repayments, and delivering client training, Insure & Lend have split these responsibilities, with dedicated Training Officers meeting with groups outside of loan repayment meetings. Promoting the Insure & Lend feedback service is a responsibility of the training officers which, the Chief Executive described, meant that clients would not see it as a tool within the control of the Loan Officer, and so would be more likely to make use of the service to raise any concerns around fraudulent or exploitative behaviours. Cloud Loan's Head of Internal Audit, Arthur, had raised with me previously that he would like to see a similar division of responsibilities within Cloud Loan, as this, he opined, would lessen the power and influence of individual officers, by ensuring that all clients were in regular contact with at least two representatives of the organisation. This strategy would additionally go some way towards addressing the concerns raised in Chapter 4, that loan officers' skills in delivering training varied significantly, potentially impacting the experience of their various clients. When Arthur had taken this proposal to the senior management team, however, he reported that it had been rejected on the grounds of the additional costs that the change would incur.

To support the training officers in their task of promoting the service, Insure & Lend had produced a set of wooden A-Boards, on which were detailed, in local dialects, the rights and responsibilities of clients, and information on

[96] The name of this organisation has been changed, with the pseudonym chosen to reflect that a distinctive element of this MFI's programme was that all clients, as a condition of their borrowing, were required to purchase health insurance through a dedicated micro-insurance provider, with whom the MFI partnered. As the CEO explained to me, this was a means of protecting the lender against defaults due to ill-health, and also to protect clients from the impact such events could have on their businesses or households.

how to raise concerns if these rights were being breached. It was written into Insure & Lend's operational policy that officers should take these Boards with them to client meetings, and construct them so that they were in view of attendees, with the intention being that even if the officer did not explicitly raise the service at every meeting, clients were constantly reminded of its existence. This approach was not, however, fool proof. In a later conversation with an Insure & Lend field officer she raised that as she and her colleagues were reliant on motorbikes to enable them to reach their most rural clients, it was sometimes not possible to carry with them more materials that were absolutely essential, meaning that the A-Boards were sometimes left behind. Similarly, she continued, like their counterparts in Cloud Loan, they were often working to demanding schedules. Unpacking and securing materials at the start of the meeting, she explained, and dismantling them before departure, was a time-consuming activity, and one that was on occasion sacrificed in favour of other meeting tasks. Similarly, I observed in my time with Cloud Loan that levels of literacy among clients were often low, with many signing their loan agreement with a thumbprint rather than a signature. This would therefore limit the impact of a written promotional tool, such as Insure & Lend's A-Boards, but the approach demonstrates a commitment to ensuring constant promotion of the feedback service beyond what was observed in Cloud Loan.

The South African MFI, SEF, similarly created a physical product as a central means of disseminating information to clients about their newly established feedback service. Conveying similar information to Insure & Lend's A-Boards, SEF produced small cards which detailed behaviours that field staff were prohibited from engaging in, such as the seizing of assets or handling of cash. Alongside this information were details on how clients could raise concerns, either with SEF's Head Office, or the national regulator (Marini *et al*, 2017). This approach builds on Insure & Lend's initiative by developing a tool that helps field officers to share information about the feedback service, while also acknowledging the challenges officers faced when transporting materials. Returning to the previous account of the Hotline being insufficiently prioritised and resourced at Head Office level, it is also noteworthy that SEF established a dedicated post of Complaints Officer as a means of overcoming such challenges.

The Rights of Clients

Central to Insure & Lend and SEF's promotional tools and activities was an ambition to promote their feedback services in the context of ensuring that clients were aware of, and understood, their rights and responsibilities. On the subject of client rights and responsibilities, Cloud Loan's website asserts that their ambitions of achieving social impact mean that protecting clients, and respecting their rights, is fundamental to all that the organisation does. Furthermore, the statement continues, all clients receive training to ensure that they understand their rights and responsibilities[97]. In practice, what I observed of this process was not as formal as this statement suggests. In the first Southern Region branch, I twice observed discussions around roles and responsibilities, while accompanying officers to meetings with newly formed groups, undertaking their pre-loan training. In this context, however, the focus was on the responsibilities that members of a client group had to each other, with time given to discussion around how contravention of the group's own agreed rules and procedures should be addressed. In speaking to each of the respective loan officers about what they had covered in these discussions it was notable that neither had based their presentation on a formal document, as it was suggested by the website statement that they would, and also on neither occasion was the Hotline mentioned. Throughout my time with Cloud Loan, I was never able to obtain a copy of this rights and responsibilities document, and no such document is publicly available through the organisation's website or wider literature, reflecting wider issues of transparency raised in this thesis. Furthermore, while, as described in Chapter 4, the client training curriculum was repeated for returning clients every loan cycle, I only ever saw these discussions of rights and responsibilities occur in the pre-loan training, delivered to groups only once, before they receive their first loans. In these sessions, clients are taking on board a significant amount of new information about the borrowing process, and it is not unreasonable to imagine that not all of this information will be immediately retained. Furthermore, questions are likely to emerge with experience: it is not until a client has some experience of

[97] Cloud Loan Website (Cloud Loan Source 8.8)

receiving and managing a loan that they can know the full range of issues and questions that may emerge, so to make these initial engagements the only fora for such conversations is reducing the reach and impact of work in this area. Overall, ensuring that clients had the understanding of their rights that necessarily underpins an initiative such as the Hotline did not emerge as a priority in the work of loan officers.

Failing to highlight Fraud

Building on the pivotal role played by loan officers in promoting the Hotline, I now return to another issue that has emerged throughout this study, that of fraud. As discussed previously, the potential for fraudulent activity and the exploitation of clients is one factor that makes accountability in microfinance of particular importance, and necessitates effective means of ensuring that such behaviours are reported and addressed. As was raised in Chapter 6, in my time with Cloud Loan issues and incidents of fraud were raised in formal and informal conversations with staff at all levels and locations of the organisation. It was to learn more about these issues that I had met with Arthur, the then recently appointed Head of Internal Audit. As has been recounted previously, before Arthur had joined Cloud Loan, the position had lain vacant for 18 months, covering much of the period of this study, and it was only after he had been in the post for four months that our paths crossed, on my penultimate visit to the African Head Quarters. Given the absence of an internal audit function during this time, Arthur had undertaken to visit every branch office and conduct an initial audit, as a means of better understanding the issues that he would have to address in his new role. By the time we spoke, he had visited seven branches, and explained that "in only one were there no serious issues". These issues, he continued, often fell in to one of two categories.

The most common form of fraudulent activity that Arthur reported having uncovered was the creation of Ghost Clients. In these instances, the staff member would add the name or names of non-existent clients to loan applications, and ask a member of the group to collect this fictional client's funds at the disbursement meeting, before later passing them on to the officer. In the majority of instances where such behaviour had been uncovered, the officer would explain that they passed on all necessary loan payments to the group, and it was simply a means of accessing credit to manage their own household expenses. This corresponds with the comments made by loan officers in the first Southern Region branch, discussed in Chapter 6, that the salary paid by Cloud Loan was often too low for staff to cover their own costs, and that sometimes the proximity to funds was too tempting. In other cases, however, no such repayments had been made, with loan officers claiming that the client had absconded after receiving their loan. In these circumstances, the genuine clients would be encouraged to pay-back the loan of the fictional group member, in-line with Cloud Loan's policy of joint and several liability for loans. Reflecting on cases of 'Ghost Clients', Arthur opined that the issue was largely one of a lack of oversight and control of loan officers, and the power and autonomy that they have in the field, stating that,

> "It is very easy for Loan Officers to create clients, adding to group loans with Ghost Clients. They can tell clients what they want…Loan Officers have so much power: selecting clients, disbursing, recording, and so on…They follow the systems, on the whole they are complying, but too much freedom means too much potential for malpractice".

The second area of problematic behaviour that Arthur reported was the tendency of certain officers to exert undue pressure on their clients to repay loans. Here, he explained, there was a fine line. In many instances, he believed, officers were too quick to file requests for loans to be forgiven. Following events such as the 2015 floods, for example, the African Head Quarters had received a slew requests from offices in affected regions, explaining that their clients would be unable to repay their loans. In the majority of cases, however, Arthur explained that not all clients in a particular area were affected the same way by such events, and he had more commonly recommended that repayment periods be extended, or that no action was required. In contrast to these behaviours, however, he continued that,

> "Some communities don't understand why we are there and why we are giving them money! There is a lot of willingness though to take money, but fewer are willing to repay. That will always be our challenge…Some officers, though… they put undue pressure on clients to repay".

He had, he explained, identified a small number of loan officers who were threatening to seize assets, or otherwise punish clients if they failed to make full and timely repayments on their loans. Such behaviour, he continued, could cause clients to completely disengage from microfinance, reflecting Mazer's 2013 discussion of microfinance clients in Ghana who, following experiences of fraudulent and exploitative activity, reverted to insecure and potentially harmful practices of borrowing from local moneylenders and keeping savings in their home. I asked Arthur what he thought was driving such behaviour, and his immediate answer was, "inexperience". Expanding on this claim he continued that for many of the loan officers with whom he had met on his visits, this was their first time working in microfinance. As has been raised in previous chapters, it was not uncommon for field staff to be working with Cloud Loan for several months before receiving any formal training, and this, when it did come, was limited. Without a nuanced understanding of what the organisation was seeking to achieve, Arthur continued, it was not uncommon for officers to focus on the importance of achieving high repayment rates, leading in some cases to the aggressive behaviours that he had observed. Building on the discussion of performance management and internal reporting in Chapter 6, it is not difficult to see how field staff could form the impression that it was achievements in this realm that would determine their own professional success or failure.

While, as Arthur had recounted, these issues were occurring in at least the majority of Cloud Loan's offices, and having a direct effect on clients, it is notable that no mention of such behaviour had been raised through the Hotline. Comments on the behaviour of loan officers accounted for the majority of contacts received, but these overwhelmingly focused on issues around officers arriving late to meetings, or failing to process loan applications in a timely manner. This absence casts further doubt on the effectiveness of the Hotline as a means of encouraging full and open communication with clients, and also challenges the social performance management team's ambitions for the service to act as a means of protecting clients from the types of behaviours that Arthur had uncovered. Understanding why clients affected by such behaviours had not used the Hotline to raise concerns would be a valuable area of further study, but is outside of the scope of this project. One potential reason, however, worthy of further consideration, relates to clients not knowing about the service. While this may be due to loan officers having insufficient time or support to fully and effectively promote the service to their clients, it may also be the result of a more deliberate attempt on the part of Loan Officers. Those who engaged in fraudulent activities, such as those described by Arthur, have an obvious incentive to prevent clients from sharing information about their activities, and neglecting to inform them of the Hotline is an effective means of achieving this. Similarly, the proactive element of the Hotline relies on accurate phone numbers being recorded by the loan officers, for all of their clients. Here again, if an officer wished to deliberately prevent a particular client from being contacted, then not recording an accurate phone number would be an effective course of action. In conversations with Elsie, she had raised concerns about the issue of inaccurate and missing phone numbers as her main area of concern when it came to the Hotline, but did not indicate that any measures to address this concern were planned.

What is it the Hotline for?

As this chapter has so far discussed, while the Hotline was presented to me as a means of protecting clients, promoting communication, and furthering the organisation's ambitions around social performance management, these ambitions were not being achieved. The service was not well understood or used by clients, incidents of harmful activity and fraud were not being reported, and issues that were raised were not being addressed. Furthermore, the service was under-resourced, and considered by staff in the African Head Quarters, as well as those in branches, to be less of a priority than other demands on their time. Despite such issues, however, the service was still operating, which raises the question, why? If the stated ambitions for the Hotline were not being achieved, but no attempts were being made to change the service, this suggests a degree of satisfaction in the status quo, which further implies that Cloud Loan held other ambitions for the initiative. In exploring these wider ambitions, two options emerged strongly, and in the following sections these will each be explored, with reflections on whether the Hotline is more focused on these ends than those previously introduced.

Watching staff rather than listening to clients

Beyond the nefarious motivations for concealing the Hotline from clients, I argue here that loan officers were often more widely disinclined to promote the service due to perceptions around the true intentions of the initiative. As Long (2001) emphasised, actors within organisations are not automatons who will unquestioningly replicate prescribed policies and procedures. Instead, they will interpret and respond to initiatives according to their own perspectives, experience and context. In one of my early Cloud Loan branch office visits, I asked a long-serving loan officer for his thoughts on the Hotline. He quickly responded that it was a tool by which Head Office could monitor and check-up on staff. Such perceptions arose frequently in my conversations with branch staff about the service, and the logic of the case was clear. In Chapter 6, I described the KPIs against which the performance of branch staff was monitored and publicly recorded, and the resentment that such processes had engendered. The Hotline, officers perceived, was another way in which their work was being observed and critiqued. Furthermore, when issues were raised through the Hotline, officers reported that they would not be given the details of complaint, nor would not have the opportunity to explain the background of the issue, or counter any accusation, thereby removing the potential of the service to create space for dialogue and improvement, and reducing it to a tool of audit. This is particularly significant in the context of frequently raised issues, such as loan officers arriving late to meetings, as while the blame was being apportioned to the loan officers, they widely felt that their actions were due to decisions outwith their control. As two loan officers expressed,

> "They [Head Office] don't understand. They get complaints, they think, 'Oh it is those staff, they are not doing their job', but it is difficult…They [clients] complain, they [Head Office] tell us to be better, but what can we do?!"

> "The Regional Manager might come and tell us again to make sure that we are on time, that it is important to be…that we are on time. But…yes…but we try! We always try!"

The perception that Head Office encouraged the promotion of the service as a means of more closely monitoring staff behaviour was given additional credibility in a conversation about the Hotline with Elsie, the Head of HR and Administration. We came on to the subject from a discussion of a recently identified case of fraudulent activity in the Balaka branch, where one of the loan officers had, in her words, "absconded with client funds". She continued that the difficulty in recruiting a new Head of Internal Audit, and the long gap between the previous post holder's departure, and Arthur taking up the role, meant that behaviours in branch offices were not being as rigorously monitored as she would have liked: "If people know they are being checked, they have some fear", she commented, continuing that, particularly in the absence of an Internal Audit function, the Hotline provided,

> "a valuable tool to check on activities. It is useful for us here to know more about what is really going on out there". "A recurring issue" she reflected "is that Loan Officers are late, or just did not turn up…Some have a very casual approach to work".

As Elsie continued to voice her frustration about the challenges of managing staff who so frequently worked without physical oversight, Elsie opined that managers in branch offices would benefit from Performance Management training. Echoing Arthur's comments regarding the harmful effects of loan officers working without having received sufficient training, Elsie also described that branch managers were on occasion overly myopic in their perception of the responsibilities that were part of the Branch Manager role, giving greater focus to business targets, and neglecting responsibilities around overseeing and supporting their staff. This articulation of priorities came as a surprise to me, as branch managers had been clear, on my visits, that they were judged most closely on their achievement of business targets, such as client numbers and the size of the loan book, as it was these that were reinforced by the organisation's KPIs. This raises once again my observations around poor internal communication within Cloud Loan.

Ensuring that loan officers are trustworthy and conscientious is a means of protecting clients, and as such, ensuring that field staff were delivering a fair and satisfactory service to clients is a logical extension of the social performance management ambitions for the service. It seemed, however, that this component of the service had become disproportionately significant in the way that the Hotline was managed and perceived. In Chapter 6 I raised that relationships between Head Office and branch staff were often fraught, with loan officers reflecting that central staff did not understand the complex and challenging realities of frontline work while. Furthermore, as Elsie had done, staff in Head Office were often quick to assign responsibility for failures to the skills and work ethic of colleagues in the field. The Hotline had been launched without visible consideration of these tensions, and as such has become part of the issue itself. Branch staff who feel that they are overly monitored and scrutinised, choose not to promote what they see as a tool that enables further scrutiny and criticism.

Regulation

By the time the Hotline was launched in 2012, Cloud Loan had been operating in Malawi for ten years, having made its first loan in Malawi in 2002. On learning about the service therefore, I wondered why the decision to pursue such an initiative had been made at this point in the organisation's history. As discussed previously, the creation of the Hotline was presented to me, by various senior staff members within Cloud Loan, as being part of the organisation's programme of work to develop their social performance management. As discussed in Chapter 5, Cloud Loan's Social Performance Management team was established in 2009, following the report of an external evaluator, commissioned to research whether the organisation's values and ambitions around social impact were being reflected in their work. The report identified that there was some discrepancy between the organisation's stated aims and their activities, with SPM initiatives, such as the roll-out of the Progress out of Poverty Index, being devised as means by which this gap could be closed.

At the time of the report, Cloud Loan's CEO and Founder wrote of his concerns that the expanding geography of the organisation's operations meant that direct oversight was no longer possible, and it was this concern that inspired the commissioning of the research. This statement reflects the connection between SPM initiatives, ostensibly in place for the benefit of clients, and the aspirations of maintaining top down control through audit and reporting, raised previously in this thesis. In this section, I similarly argue that Cloud Loan's development and use of the Hotline, presented as a tool of downward accountability, can more compellingly be understood as a tool of upwards accountability: an artefact designed to appease and appeal to more powerful actors.

In seeking to answer the question of why Cloud Loan chose to develop a beneficiary feedback mechanism at this time and this form, it was events outside of the organisation that offered an answer. Specifically, initiatives launched by the Government of Malawi and Reserve Bank of Malawi around the regulation of the country's microfinance sector. In the introduction to Malawi's microfinance sector, offered in Chapter 2, it was outlined that prior to the establishment of specific microfinance regulation, a range of protocols licensed and governed activities in the sector. As Kalanda (2006) identifies, the form of regulation was guided more by the nature of the organisation than the activities that they were undertaking, with NGOs and parastatals, for example, facing quite different requirements and limitations. Under this haphazard approach, no one entity had oversight across microfinance activity, and there was no engagement with the Reserve Bank of Malawi, who held responsibility for the regulation of banking and financial services more widely. The 2002 Microfinance Policy and Action Plan represented a major step towards greater coherence and oversight in and of the sector, and in 2010, the Microfinance Act came in to effect. Described as, "An Act to provide for the regulation and supervision of microfinance services and to make provision for matters connected therewith or incidental thereto" (GoM, 2010: 4), the document sets out a more even approach to regulation across the sector, and creates a supervisory role for the Reserve Bank. In a 2015 meeting with three representatives of the Reserve Bank, the most senior official emphasised that a desire to ensure that microfinance clients were protected was a key driver for this and subsequent developments, reflecting that,

> "The activity of 2010 was, in part, prompted by queries and complaints from the public about the behaviour of various MFIs, with reports that institutions were forcing people to take extreme measures to make their repayments. The problems were most

> pronounced among programmes based around group liability, where there were reports of group members who were unable to pay their share having assets grabbed, being physically assaulted, being detained until they or family members could provide funds, or even, allegedly, being forced to surrender their children or wives in lieu of payment. There were also reports of clients being driven to suicide."

To support the achievement of ambitions set-out in the 2010 Act, a Directive was released in 2012, setting out more specific requirements for non-deposit taking microfinance institutions, the category of microfinance organisation into which Cloud Loan falls (GoM, 2012). Within Part 5 of this Directive, under the heading of Market Conduct, the below requirements are presented:

> "Complaints procedures
>
> 17 (1) A Non-Deposit Taking Microfinance Institution shall have in place complaints handling procedures to guide clients in the event of complaints
>
> 17 (2) A Non-Deposit Taking Microfinance Institution shall maintain a Complaints Register where the following details shall be recorded
>
> (a) date complaint is received;
> (b) nature of complaint;
> (c) steps taken to resolve complaint; and
> (d) date of resolution of a complaint
>
> 17 (3) A Microfinance Institution shall report to the Registrar all complaints received on a quarterly basis" (GoM, 2012c: 190)

Accompanying these instructions, the Fourth schedule of the Directive provides MFIs with the template, copied below, to be used when submitting these reports to the Registrar.

FOURTH SCHEDULE (para. 17 (3))

COMPLAINTS REPORT FORM

Number	Date Received	Description	Date Resolved*	Notes

*If complaint is not resolved by the date of the Report, please state so and provide an explanation in the Notes section.

(GoM, 2012c: 211)

On seeing the Directive template, I was immediately struck by the similarities between its content, and Cloud Loan's Hotline records. As can be seen from the extract reproduced on Page 199, Cloud Loan's own records follow a similar structure to the above, with the addition of certain details around the origin and processing of the contact, raising the possibility that Cloud Loan could have developed their tool as a means of enabling them to meet the reporting requirement. As previously described, Cloud Loan were, and continue to be, active participants in the development of microfinance policy in Malawi, making it highly conceivable that they would have had knowledge of the requirements of this Directive in 2011, when work on the Hotline initiative began. On my final visit to the African Head Quarters, I was able to confirm this suspicion, in a meeting with Albert. Albert was, by this time, the Acting Malawi CEO, but in his substantive role as Head of Finance, he had been responsible for coordinating reports required by the Reserve Bank. While neither this legislation nor the reporting requirement had never been raised by any members of Cloud Loan staff, in our conversations about the development and use of the service, when I asked about the relationship between this Directive and the Hotline, Albert quickly responded that yes, Cloud Loan's decision to develop the Hotline had been informed by this new requirement.

This identification of a heretofore unknown stakeholder in the Hotline, the Reserve Bank, also offered an answer to another persistent question, namely what happened to the information that Cloud Loan captured. As the extract on Page 199 shows, when details of a received contact were logged, the officer selected a Complaint Category, which in turn automatically identified a staff member responsible for taking action on the issue. The officer responsible for managing the Hotline would then forward details of the contact to this nominated person, who would take on responsibility for investigating the issue, identifying and pursuing a solution, and responding to the client. As Mansbridge (2009) and others emphasised, through tools of downward accountability, agencies should seek to achieve effective, two-way communication with their clients and beneficiaries, making this final step of taking action on issues, and providing a comprehensive and appropriate response to the complainant, a vital part of the system.

As the majority of issues raised through the Hotline related to the actions of loan officers, or to wider branch activities, this responsible person tended to be the relevant Regional Manager. None of these post-holders were based in the African Head Quarters. Instead, they worked from the larger branch offices in their regions, and spent a significant amount of their time travelling between the offices for which they were responsible. As I had experienced first-hand, this meant that they were often difficult people to get in contact with, particularly given the, previously described, extremely limited internet access in most branch offices. As such, it was surprising to me that, as was the case in the entries from February 2014, replicated in this chapter, The Hotline logs overwhelmingly showed issues having been resolved on the same day that the contact was received. From my experience with the organisation, for all these steps to have been accomplished within hours of receiving the call seemed extremely unlikely. This impression was confirmed in an informal conversation with a member of staff based in the African Head Quarters, who explained that often clients calling in would receive an apology from the officer who took their call, and from there the matter would be considered closed. Periodically, they continued, a summary of relevant issues would be passed to Regional Managers, though this would tend to be general guidance, such as encouragement to remind loan officers of the importance of punctuality, rather than specific complaints. This account reflected the experiences of loan officers with whom I had spoken on this subject, who said that they had not been made aware of the details of complaints raised by specific groups, instead reporting that they had received general reprimands from regional managers for misdemeanours such as arriving late to meetings, or not sufficiently promoting the service.

I had also been struck that the issues raised through the Hotline were not well shared or discussed internally. In my conversation with Elizabeth she reported that at the end of each month she would send the updated spreadsheet to the Malawi Senior Management Team, but that she did not think that it was discussed by the group, having not seen any related items appear on the agendas of the group's meetings. Similarly, the information did not appear in the monthly KPIs or Performance Report which, as discussed in Chapter 6, formed the primary means of communication within Cloud Loan, on the organisation's operations, challenges and achievements. In my conversation with Albert, he explained that a member of the finance team would take the required information from the spreadsheet, complete the prescribed report template, and submit this information along with the other required reports and disclosures, to the Reserve Bank. This became the end of the line for consideration of the Hotline data. There are, therefore, clear weaknesses in Cloud Loan's systems for progressing and learning from issues raised through the Hotline, which is at odds with the social performance management ambitions of the service. Seeing the tool primarily as one of regulatory compliance, however, makes this situation more understandable. The Reserve Bank do not ask for details on what has changed as a result of complaints received, nor how satisfied clients are with the service, and as a result, Cloud Loan was similarly unconcerned with these matters. In developing the Hotline, therefore, I argue that contrary to the articulated ambition of hearing from and protecting clients, Cloud Loan's primary motivation was to comply with the demands of an influential patron, and to do the minimum required of them, thereby necessitating the minimum possible investment.

Conclusion

In this chapter I have explored ideas of downward accountability, and the means by which Cloud Loan sought to hold themselves accountable to their clients. In this discussion, I have argued the importance of these relationships, and this form of accountability, engaging with the work of Montanaro (2018) and Jordan & van Tuijl (2006) to argue that an actor being accountable to the communities in whose name they are working goes to the heart of their legitimacy to raise funds, deliver programmes, and speak on behalf of constituents. Furthermore, as Jacobs & Wilford (2010) and Featherstone (2013) also attest, I argue that meaningful engagement and communication with intended beneficiaries plays a major role in ensuring the efficacy and impact of an intervention. Having identified the vital importance of downward accountability, however, I went on to observe significant deficiencies and failings in the Hotline: the tool that Cloud Loan present as being the means by which they can hear and learn from their clients. These issues, I argue, centre around the disregard for the service internally, and more broadly, the disregard for the experience and perspectives of clients.

Such disinterest is first manifested in the persistent under-resourcing of the tool. As I observed in this chapter, responsibility for the Hotline was first given to the Social Performance Management team who, as I observed in previous chapters, were a small team, overwhelmed by the demands placed upon them. As this workload became untenable, responsibility for the service for passed around various other teams within the African Head Quarters, all of whom consistently prioritised their other tasks and responsibilities above work on the Hotline. Similarly, at the other end of the service, loan officers played a vital intermediary role in promoting the service to their clients. This requirement, however, came as an additional duty on an already long list of tasks required of loan officers, at the same time as they were facing calls to reach greater numbers of clients, necessitating their spending less time with their existing groups. Neither of the process therefore, the promotion of the tool and the processing of contacts received, were not identified by Cloud Loan as priority areas worthy of investment, establishing my argument that capturing the voices of clients was not a priority for the organisation.

This disregard was also observed in the organisation's response to matters raised through the Hotline. Eyben & Guijt observe that, "accountability pressures can stimulate deep organizational discussions on core values and what success looks like" (Eyben & Guijt, 2015: 12), raising that both the process of engaging with stakeholders, and the intelligence gained from these interactions, can promote learning and improvement across the organisation. As I described in this chapter, however, the response to issues raised by clients rarely went beyond the issuing of a cursory apology to the client, and a reprimand to the staff member. Despite complaints, such as reports of loan officers arriving late to meetings, being repeatedly raised, no consideration was given to whether there were substantive issues in branch procedures that should be addressed. As such, systems and procedures that were unsatisfactory to clients remained unchanged, leading inevitably to their being repeated. In this way, the tool was furthering the sense of animosity felt by branch staff, who, as I observed in Chapter 6, often felt that they were unfairly held accountable for events beyond their control. Similarly, Mansbridge (2009) emphasises that an essential component of downward accountability is the enabling of two-way communication. Cloud Loan's failure to meaningfully respond to clients raises that the Hotline does not meet the standards required of effective systems of downward accountability.

Blowfield & Dolan propose that there is a fundamental incompatibility between certain initiatives of Bottom Billion Capitalism, such as microfinance, and accountability to intended beneficiaries, stating that, "the views of the poor are not prioritised, and where they are sought it is through a process of technical rendering by experts with their own epistemologies" (Blowfield & Dolan, 2014: 34). As described in this chapter, I similarly argue that the views of clients and their communities are not prioritised. Furthermore, I raise that in the Hotline, Cloud Loan have sought to promote communication between themselves and their clients through the anonymous technology of the Hotline, which disregards wider relationships and interactions. While inadequate funding and internal disregard of the Hotline play a major role in the observed failings, I argue too that the form of the service also hinders its effectiveness.

As I observed in this chapter, a fundamental failing of the Hotline, as a tool for accountability, is that it is neither well known nor well used. The number of contacts received through the service represented only a tiny proportion of the organisation's clients, and significant issues and questions were not being captured. Reflecting on the low uptake of the Hotline service, Arther, Cloud Loan's Head of Internal Audit, described that, "The clients have a relationship with their Loan Officer, that is how they connect to the organisation…a phone call to or from a stranger will not challenge that relationship". This is a reflection which captures the folly of considering the existence of a service such as the Hotline as sufficient for enabling downward accountability. Blagescu *et al* (2005) also describe that

> "Complaint and response mechanisms are a means of last resort for stakeholders to hold the organisation to account and for organisations to become aware of an issue that requires a response (Blagescu *et al*, 2005:3).

Within Cloud Loan, however, I have observed in this and previous chapters that internal communication issues mean that information, questions, and feedback did not flow effectively around the organisation, making the Hotline not the 'means of last resort' by which clients can ensure that their voice is heard at Head Office, but the only means. In my attendance at meetings between various loan officers and their clients, however, I saw that a range of issues were raised in conversation, far broader than those raised through the Hotline. As Arthur also intimated, this reflects not that clients did not have questions or concerns, but rather that they would prefer to raise these with a person that they know, than through an anonymous phone line. I argue that efforts to improve relationships and lines of communication between various actors and locations, specifically ensuring that loan officers' experiences and reflections from their time with clients were heard and respected, would have offered a more meaningful investment in downward accountability than the technocratic imposition of the Hotline. While the service can provide a valuable accompaniment to these wider channels of communication, providing, for example, a means by which clients can circumnavigate their loan officer, if they wish to raise a concern about that individual, it should not be seen as a substitute.

In this chapter I have also shown that, consistent with Blowfield & Dolan's observations, the Hotline was an initiative led by 'experts'. Cloud Loan developed the service not with the interests of their clients, nor even their own organisation, foremost in mind, but the preferences of the Reserve Bank of Malawi. This tendency to adopt a specific tool as a means of appealing to more powerful actors is one that I have observed throughout this thesis. In Chapter 5, for example, I argued that the organisation's adoption of the PPI tool was more effective as a means of signalling the organisation's assumed identity as an organisation interested in social impact, than it was a means of measuring and understanding impact on poverty. I have argued in this chapter that, despite the failings of the Hotline in practice, it was similarly adopted, and continues to operate, as a means of signalling the organisation's brand to donors and supporters, and to comply with the requirements of the Reserve Bank. Seen from this perspective, the Hotline is no longer a tool of downward accountability, but rather an investment in upwards accountability and relationships. As previously described, however, these two sets of relationships are no un-connected. If patrons are not compelled to support an agency's work, then the likely consequence is that services will be withdrawn or reduced. Uphoff (1996), for example, argues for the prioritisation of relationships with funders and regulators, raising that while there may be commendable moral arguments for promoting accountability to beneficiaries, without the support of the former group, the organisation cannot function. As he observes,

> "There are structural and philosophical reasons why NGOs…should not be expected to function as agencies responsible to their clientele. In particular, the staff and trustees of such organizations have the burden of mobilizing and managing funds to keep their operations solvent" (Uphoff, 1996: 27).

Donors and regulators, keen to promote accountability and transparency among those whom they fund, frequently include the requirement to adopt or adhere to particular initiatives as part of their funding agreements. In the 2011 PPAs, for example, DFID made it a requirement that all those in receipt of funding should publish reports of spending in line with the requirements of the International Aid Transparency Initiative (IATI). While likely well intentioned, my observations of the Hotline in Cloud Loan illustrate the limitations of externally imposed initiatives, that are not integrated into the wider accountability efforts and operations of an organisation. Instead, I argue that a more collaborative approach between communities, and funding, authorising and implementing actors, is required to ensure meaningful downward accountability.

Chapter 9: Conclusion

Introduction

In the introductory chapters to this thesis, I argued that accountability has become a prominent theme in the conversation around how international development agencies can best achieve their goals in an effective and ethical manner, and how they should seek to engage with their stakeholders. Within this discourse, there is a growing consensus that what accountability looks like, and how it is achieved, vary significantly according to context: who the actors are, where they're working, and the nature of the intervention being undertaken. Despite this consensus, a review of the existing literature revealed that there have been relatively few empirical studies of accountability in specific contexts.

Within this limited pool, studies of accountability in microfinance are particularly under-represented, yet it is an area of work around which there is significant debate and controversy, much of which centres on concepts and ideas of accountability. There are those, such as Bateman (2010) and Roodman (2012), for example, who question whether microfinance programmes are achieving, or even can achieve, the ambitious results that advocates of the sector present for them. There are pervasive questions too around legitimacy, whether microfinance interventions reflect the will and preferences of those in whose name they are being undertaken, and whether participating communities are being adequately protected.

In this thesis I have addressed the shortage of research in this area, making a contribution to understandings of both accountability and microfinance. By undertaking an in-depth, qualitative case study of a microfinance institution in Malawi, I have offered insight into how issues and concerns observed and discussed at the macro level are being created, interpreted, and perpetuated in day to day operations and decision making.

Through the extended case study of one organisation, Cloud Loan, I asked: for what are microfinance organisations accountable, to whom, and how. In this chapter, I review and summarise my findings from these questions. In this discussion, I argue that Cloud Loan primarily sought to hold themselves accountable for maximising income and keeping costs low, prioritising this ambition above stated aspirations of social impact. I further argue that a lack of transparency cuts across the microfinance sector, and that rather than challenging this, artefacts of accountability are overwhelmingly performative, and are supporting this opacity.

For what are Microfinance Organisations Accountable, and How?

Accountability is frequently raised and promoted as a means of gaining insight into the actions and operations of individuals or organisations, and ensuring that they are doing what they say they are doing. As such, consideration of what Cloud Loan said they were doing, and how they held themselves accountable for these achievements, was essential in understanding how accountability was manifested and enacted in the organisation.

Microfinance globally is an approach to international development for which ambitious claims have been made. The associated narrative of reducing poverty through a sustainable mechanism which empowers beneficiaries has proved compelling to a range of donors, governments and policy makers, and encouraged widespread support (Roodman, 2012). As I observed in the introductory chapters of this thesis, however, an issue of accountability emerges when one seeks to interrogate and evidence these claims, with concerns ranging from a lack of data through to more fundamental claims that microfinance can not only be ineffective, but also harmful (Bateman, 2010; Sinclair, 2012).

Cloud Loan's organisational identity was built around two core ambitions; to support the establishment and development of profit making enterprises, and to reduce poverty among clients and their communities. These, as I showed in Chapter 3, were typical ambitions of microfinance organisations globally, and reflected the organisation's conformity to the norms established by influential actors, such as the Grameen Bank. In this thesis, however, I observed a discrepancy between these presented ambitions, and the priorities held and enacted internally.

Supporting Clients' Businesses

In Chapter 4, I interrogated the first of these ambitions, around supporting the establishment and development of micro and small, profit making enterprises. In this chapter I observed the centrality of this objective to the operational model and brand of Cloud Loan, raising that all of the organisation's loans were issued as business loans, and that this feature was integral to the external messaging and promotional activities of the organisation, typified by the oft-repeated claim that the organisation offered their clients, "Hope, not Handouts". This was a component of Cloud Loan's brand that had proved appealing and lucrative, as I also explored in Chapter 7's discussion of online funding platforms. As one member of Cloud Loan's fundraising team reflected, "People are really sympathetic to this concept of supporting women to build businesses…It's an idea that they understand, it makes sense... People who are in business in the UK see the benefits of business overseas".

As I argued in this thesis, however, the centrality of such messaging owed more to the organisation's ambitions of establishing an appealing brand, distinguishing themselves from other charities, and generating financial support, than it did to the actual work of the organisation, and the priorities of those within Cloud Loan. Significantly, I observed that the organisation did not have a sufficient understanding of the businesses, or business needs, of their clients, to meaningfully hold themselves accountable for achievement and impact in this area. When loans were granted, clients provided their loan officer with information on the industry in which they would be engaging, but this was rarely more detailed than a one-word answer, such as 'fish', 'tomatoes', or 'groceries'. No attempts were made to establish a baseline on the size or profitability of these enterprises, or to track changes that occurred during the course of the client's engagement with Cloud Loan. Similarly, while all clients and branch staff were required to devote time to attending and delivering business training, the organisation neither consulted with clients on what the content of this training should be, nor sought to monitor satisfaction or effectiveness. Instead, the organisation claimed that if clients were returning for loans and borrowing more, then this could be equated to business success. In so doing, the organisation was making the same assumptions and over-simplifications of the link between interventions and impact that the likes of Cheston & Reed (1999) and Bateman & Chang (2009) caution against.

Beyond this issue of deficiencies in monitoring and evaluation, I also observed a more substantive contradiction between the internal priorities and operations of Cloud Loan, and the external presentation of ambitions and work in this area. As I relayed in Chapter 4, Cloud Loan's Director of Operations, the most senior member of Cloud Loan staff based in Africa, acknowledged that clients would often use their loans not to grow their businesses, but to fund everyday consumption, helping them to manage periods of financial stress and "balance their lives". This, he continued, was just as valuable, if not more valuable, a use for these funds. This observation supports the findings of Bateman (2010) and Sinclair (2012), who estimate that 50-90% of microfinance loans are used to fund consumption spending, rather than entrepreneurial activities. Despite such observations, however, the focus of microfinance policy and activity in Malawi, as it is globally, is overwhelmingly focused on the rhetoric of releasing entrepreneurial potential through lending for business. This is in spite of extremely limited information being held on how microfinance clients in Malawi are actually using their loans, which would be a valuable area for future research.

As I also explored in Chapter 4, Cloud Loan's client training programme, presented as an integral means by which Cloud Loan was accountable for achievement in this area, represented a significant investment of time and resources for the organisation. This was particularly true for branch staff and clients, who respectively delivered and attended a training session at every repayment meeting, in addition to pre-loan training, and specialist training as part of Venture Loan initiatives. This investment in business training, however, sits at odds with the internally reflected understanding that clients would often not be using their loan to build their business. From this observation, I argued that rather than being an investment in achieving articulated ambitions of business development, such spending can more persuasively be seen as a means of appealing to financial supporters, and of producing compliant clients, both of which indicate the prioritisation of financial sustainability and corporate efficiency, above this area of social impact.

Poverty Reduction

As I presented in this thesis, ambitions around the creation and development of clients' businesses were an intermediate outcome for Cloud Loan, who positioned these achievements as an integral part of their theory of change, and how they would achieve their ultimate desired impact of reducing poverty. In Chapter 5, I explored the organisation's stated ambitions around poverty reduction, and the means by which they held themselves, and were held, accountable for achievements in this area. In this discussion, I observed that in contrast to the previously discussed inconsistency between Cloud Loan's external messaging around business development, and the internal prioritisation of this ambition, the commitment to poverty reduction was more consistently voiced throughout the organisation. Furthermore, while efforts were not made within Cloud Loan to monitor and evidence the impact of the organisation's services and support on clients' businesses, the organisation had adopted the Progress out of Poverty Index, or PPI, as a means of assessing the poverty level of their clients. Cloud Loan, as I described in Chapter 5, took great pride in being pioneers in the use of this tool in Malawi, and it was the organisation's flagship accountability initiative. Frequently, I observed, their use of PPI was cited in funding applications, and communications to donors and supporters, as the means by which the impact of loans and services could be understand, and their effectiveness ensured. As I argued, however, the claims made by Cloud Loan for PPI exceeded what the tool what capable of providing, and this issue was compounded by insufficient investment in the supporting technology and processes through which information was generated and shared.

Before examining Cloud Loan's use of the PPI tool, I first considered the organisation's use of microfinance as their chosen means of reducing poverty. In

Chapter 5, I reflected on the diversity of conceptualisations of poverty, across actors and contexts, highlighting that the specific understanding of poverty adopted would influence who the poor were considered to be, and how best their poverty could be reduced. As I discussed several times in this thesis, Cloud Loan had a limited understanding of their clients' circumstances and preferences, leading me to conclude that the use of microfinance was based on ideological concerns, rather than analysis of the specific circumstances in which the organisation was working (Eyben, 2015). Furthermore, the limited internal assessment of what impact Cloud Loan's services were having on their clients' businesses demonstrated that the organisation's theory of change similarly lacked rigour, particularly in light of the contested relationship between business-based interventions and the reduction of poverty, as raised by the likes of Maîtrot & Niño-Zarazúa (2017) and Blowfield & Dolan (2014).

While the causal links, and the relationships between interventions and changes in the lives of their clients remained untested, Cloud Loan, as I raised, did seek to generate data on their social impact through the use of the Progress out of Poverty Index. The PPI tool involved the loan officers periodically interviewing their clients, and recording information about assets held by, and demographics of, their households. From these responses, scores were generated, which were used to estimate the likelihood that the respondent was living below set poverty lines. By undertaking such an assessment when clients first came to Cloud Loan, and repeating the process periodically over the course of their engagement with the organisation, I was told, changes in the circumstances of clients could be tracked.

As I showed in Chapter 5, however, this methodology was flawed. The PPI tool was designed as a means of assessing poverty at the household level, but Cloud Loan, as I described, instead elected to aggregate information from individual clients to provide an average score for the group. This was a source of immense frustration for staff in the fundraising team, who raised that individual stories of change were more compelling to, and more often requested by, donors and supporters, but using PPI in this way meant that such individual results could not be gleaned from the PPI data. Furthermore, the membership of credit groups would regularly change between loan cycles, as new clients joined, and others withdrew. This meant that when the changes in the PPI scores of groups were tracked over time, like for like comparisons were not being offered. As I described in this thesis, groups were self-forming, and shared collective responsibility for repaying their loans, so if one member did not pay their share in a loan cycle, the group could move to exclude them from future participation. An improvement in average PPI scores could therefore represent the withdrawal of the poorest members of the group, rather than real improvement for participating individuals. Such wider analysis was, however, not undertaken as part of Cloud Loan's monitoring and evaluation work.

I also observed in Chapter 5 that while information on Cloud Loan's poverty outreach was regularly being generated, through the use of the PPI tool, it was not being well used. As I recounted, the adoption of the PPI tool was described to me, and in various Cloud Loan reports, as an initiative that would help the organisation to ensure that they were achieving their desired levels of outreach and impact. I observed, however, that since they started using the tool, their outreach had slightly worsened, with 53.5% of clients estimated to be living on under $1.25 a day, and 85.9% under $2.50 in 2010, falling to 49.8% and 84.3% respectively by 2015. This, I argue, is because having a tool in place to measure poverty is not in and of itself sufficient to ensure that ambitions of poverty outreach and reduction are being achieved. Rather, intelligence must be acted upon, and used to inform strategy and operations. As I document in Chapter 5, however, these processes of learning and development were not occurring within Cloud Loan. Contributing to one the recurring arguments of this thesis, that accountability was performative, I also argued that to Cloud Loan, the information generated by the use of PPI was of secondary value to the prestige and acclaim that adopting the tool brought from donors and other actors in the microfinance community. The use of the PPI tool is less of a means of ensuring accountability to the organisation's mission of reducing poverty, than it is an investment in these relationships with these influential stakeholders.

Maximising Income, and Minimising Costs

In examining the means by which Cloud Loan sought to achieve and monitor their ambitions of supporting clients' businesses and reducing poverty, I identified that, despite these being the objectives around which the organisation constructed and presented their identity and brand, they were, internally, subordinated by interests around maximising income, and minimising expenditure. It was for the achievement of these objectives that individuals and teams were held accountable, and the artefacts of accountability described in this thesis were, I argue, overwhelmingly orientated towards these ambitions. In the case of PPI or the Client Hotline, for example, these tools were selected and used as means of signalling certain values and commitments, and appealing to external actors, particularly funders. The organisation's focus on business lending similarly contributed to the construction of Cloud Loan's image and narrative. Understanding these tools and decisions in this way, I assert, makes sense of the under-investment in operations and supporting infrastructure, and ill-consideration of information generated: What was important, was that they enabled the organisation to tell a compelling story, even if that story did not reflect the full reality.

As well as seeking to appeal to funders and supporters, the second priority that I identified was promoting organisational efficiency, or more specifically, minimising costs. This ambition was behind many operational decisions that I observed in this thesis, such as the encouragement of loan officers to reach more clients by working with larger loan groups, and the decisions not to cover or fill key roles in the Social Performance Management team when they became vacant. In Chapters 5 and 6, I also observed that it was information pertaining to these matters of organisational efficiency, rather than social impact, which constituted the organisation's Performance Report. It was to this report that senior managers in both the UK and Malawi most commonly alluded, when I asked about how they monitored the organisation's performance and achievements, with the information it conveyed being particularly influential in strategic and operational decision making.

As I outlined in Chapter 3, it is right and proper that Cloud Loan, like any other NGO, should seek to ensure the financial viability of their organisation. However, as I also raised in this chapter, balancing these demands with an interest in achieving social impact is a complex and challenging task (Hartarska, 2005), and can create a conflict between the interests of the lender and those of their clients (Roodman, 2012). In my time with Cloud Loan, I observed such conflict, and I have documented in this thesis examples of where decisions were made in the interests of saving money, which were detrimental to the organisation's social impact, and the experience of clients. As Bateman (2010) observes, such a focus on financial sustainability is common in the global microfinance sector, but, just as I observed here, he notes that often it can only be achieved at the expense of the ambitions that made microfinance appealing in the first place. In Cloud Loan, I observed that they were attempting to achieve the best of both worlds: they continued to present an attractive narrative to supporters, but internally were taking decisions which limited their ability to deliver on the commitments made. This too supports one of my findings in this research, that the microfinance sector is predicated upon such deception, and a lack of transparency.

To Whom are Microfinance Organisations Accountable, and How?

Building on my previous assertion that it was for attracting income and ensuring organisational efficiency that Cloud Loan was primarily accountable, I similarly argue that it was towards funders and managers that accountability efforts were focused. I conversely argue that the organisation did not have, or prioritise gaining, an understanding of their clients' needs, preferences, or experience. Furthermore, I argue that internal accountability is essential, underpinning as it does wider forms of external accountability, and the effectiveness of interventions. Despite its importance, however, I raise that it is commonly overlooked, both in practice, and in research.

In Chapter 3 I presented that while definitions and understandings of accountability vary, what unites them is that they are fundamentally concerned with relationships, and the giving of account from one actor to another. I also, in this chapter, introduced the three groupings of relationships around which I structured my analysis, and the presentation of findings in this thesis: Internal Accountability, within the organisation; Upwards Accountability, to donors and regulators; and Downward Accountability, to beneficiaries and communities. In this section, I review my findings and arguments under these same three headings.

Internal Accountability

Accountability, as I described in Chapter 3, is commonly conceptualised in terms of interactions and exchange between organisations or groups. As Mosse (2011) raises, however, the internal dynamics of an organisation can be as complex and nuanced as these external relationships. Eyben (2006), in her work on relationships in aid, similarly comments on the importance and influence of both external and internal relationships on the effectiveness and experience of development interventions. Having studied the internal workings of my case study organisation, this research supports these assertions. As I review here, I argue that the sharing of information between teams and locations is essential for an organisation to operate effectively and efficiently, and underpins wider forms of external accountability. Despite the importance of internal relationships and communications, however, I observed consistent under-investment in, and disregard for internal accountability.

In Chapter 6, I explored internal relationships and accountability within Cloud Loan. I raised in Chapter 3 that accountability is a concept often associated with one actor seeking to control the actions of another, and while this trend is commonly discussed in reference to external relationships, for example donors seeking to enact their preferences through those whom they fund, I observed the same dynamics in the internal relationships within my case study organisation. Cloud Loan, I described, is an international organisation, operating across 16 locations in Malawi, with a Head Office in the UK. While the organisation has grown, senior managers, particularly Cloud Loan's CEO and Founder, have proved unwilling to cede control over the minutiae of operations in these remote locations. As a means of maintaining this control, a set of Key Performance Indicators (KPIs) were developed, which enabled Head Office to signal their priorities and expectations, and branch offices to confirm their diligence and adherence. In reporting against these KPIs, and undertaking other tasks required of them, such as PPI interviews, significant volumes of information were being generated by staff in these branch offices, and conveyed to managers in the African Head Quarters and London office. Despite this near constant communication, however, staff in these branch offices commonly reflected that there was no space for their feedback and concerns on programmes and operations to be voiced: there was no dialogue or reciprocity, instead, the engagement between locations and functions was restricted to what was prioritised and demanded by senior management, often with little explanation or training on why it was being requested, and the means by which it should be produced.

As I observed in this thesis, these issues of poor internal communication, and the animosity fuelled by branch officers' frustration at not being heard, had serious implications for the impact and efficiency of Cloud Loan's operations. In Chapter 6, for example, I described the frustration of one branch manager at not being able to access the support that he needed from colleagues in the African Head Quarters, and the delays in wider processes and activities that such disregard for his request had created. I similarly noted that agreements had frequently been made with donors, by UK fundraising staff, without consultation with, or feedback from, those staff who would be responsible for delivering the agreed initiatives. As the Director of Operations explained to me, this practice often resulted in the organisation pursuing projects which were time consuming and inappropriate.

In Chapter 6, I also argued that internal relationships, and communication between different teams and locations within Cloud Loan, played an essential role in supporting and enabling the organisation's external accountability. In this chapter, for example, I observed that delays in, and changes to, arrangements in the centrally managed Farming Loans project, were not being communicated to branch staff in a full and timely manner. Loan Officers were consequently unable to share such information with their clients, undermining the organisation's downward accountability. This was a dynamic that I raised repeatedly in this thesis, for example in Chapter 5, where I reflected that as branch staff did not have a full understanding of the PPI tool, they in turn were unable to explain it to the clients from whom they were collecting information, and gain their informed consent.

These communication issues similarly hindered the organisation's upwards accountability. Staff in London, for example, who held responsibility for engaging with and reporting to donors were, I explained, reliant on internal communications and knowledge management systems to obtain the information that they needed. In Chapter 5, I raised that issues with the Cloud Loan Management Information System had meant that these UK staff had found themselves unable to provide donors with promised information. While, as I explore more fully in my later discussion on transparency, I observed that Cloud Loan would share certain external communications which were wilfully misleading, I also in Chapter 5 observed that on occasion inaccurate information was shared because staff and volunteers simply did not have access to current reliable operational information.

I argue, therefore, that consideration of internal relationships and communication is essential for those who wish to understand and promote accountability, and urge that, as Hilhorst (2003) also raises, researchers and practitioners must look beyond the formal artefacts of accountability, to consider everyday interactions and relations.

Downward Accountability

As the Humanitarian Accountability Partnership (HAP, 2010) articulate, a growing movement in the international development sector has called for those who are most affected by development interventions to have a right to accountability from those actors working in their name. In Chapter 8 I explored Cloud Loan's downward accountability, or the organisation's relationships with, and accountability to, their clients. In this chapter, I engaged with the work of

Bhatnagar & Williams (1992), and Mansbridge (2009), in raising the vital importance of development agencies creating processes and space which enable meaningful, two-way engagement with the beneficiaries in whose name they are working. While nationally, Malawi's microfinance regulator has mandated that such mechanisms be put in place, by observing and interrogating Cloud Loan's approach to this task, I argue that the voice and preferences of clients are not being heard. Building on the work of Featherstone (2013) and Montanaro (2018), I argue that this disregard has limited the effectiveness and efficiency of the organisation, and also raised questions about the legitimacy of the sector's endeavours.

In Chapter 2, I raised that 40% of Cloud Loan's annual income came from the interest paid by borrowers on their loans. This made the organisation's own clients their single most significant source of income. I also observed that in the theory of change of microfinance, clients have a vital and active role to play: for ambitions of social impact to be achieved, I described, clients must take action to convert their loan into desired outcomes. Despite this pivotal role, however, I noted in this thesis that Cloud Loan neither sought to tailor, nor, as I described earlier in this chapter, test the effectiveness of their support to clients. In Chapter 4, for example, I raised that clients would receive the same training, regardless of their experience and needs. Loan repayment periods, I noted, were similarly fixed, and it was Cloud Loan staff who would determine which loan product a client would receive. In Chapter 8 I described having witnessed first-hand the dissatisfaction that some clients felt with the terms of their loans. Various groups and individuals, I heard, wanted to repay their loans more quickly, to change the frequency of repayments, or to abandon the required savings contributions. Despite such feedback being vociferously voiced to loan officers, however, no such accommodations were made or even considered.

In my own conversations with clients, I often asked groups and individuals why they had joined a credit group and why they had taken a loan. It was notable that the responses I received very rarely mentioned entrepreneurial ambitions. Instead, concerns such as being unable to afford school fees or health care were significantly more prevalent, with micro-loans being the support available to them to pursue their true ambitions. This raises the question of whether the form of intervention that Cloud Loan had designed – micro loans for business creation and expansion – was the most effective way of helping their clients. In Chapter 5 I discussed diverse manifestations and definitions of poverty that exist, and throughout this thesis, I have described that such nuance was not considered by Cloud Loan. Instead, Cloud Loan has pursued an approach common across the global microfinance sector of framing poverty as a problem of market failure or exclusion, the solution to which is therefore market engagement (Roy 2010; 2012). This blanket conceptualisation, and the assumptions contained within, left no room for services and support to respond to the specific needs and preferences of individual clients. Instead, as I argue throughout this thesis, the services were shaped to appeal to upwards stakeholders. As the likes of Sinclair (2012) observe, inappropriate interventions can have the effect of at best distracting funds from potentially more impactful initiatives, and at worst, causing actual harm to recipients. This, I argue, provides a compelling argument for downward accountability, as it can help agencies to steward resources responsibility, and maximise benefits for intended beneficiaries (Featherstone, 2013).

As I observed in this thesis, decisions around what the organisation's offer to clients would be, were largely taken by staff geographically and operationally removed from the intended beneficiaries, and with limited access to information on the needs and desires of this group. In Chapter 8, I explored an accountability mechanism put in place by Cloud Loan, that could overcome these issues of distance, and offer clients a means by which they could make direct contact, and share their concerns, questions, and feedback with staff in head office: The Client Hotline. In examining the processes which supported this service, and the information that it had generated, however, I argued in Chapter 8 that this potential was not being realised, and that rather than being a tool by which Cloud Loan could hold itself accountable to its clients, it was an investment in upwards relationships.

The Hotline service, I outlined, had suffered from persistent underinvestment and internal disregard. In particular, it had originally been the responsibility of the already over-stretched Social Performance Management Team, but following the promotion of a key member of this team to another office, it had been neglected almost entirely. Responsibility was then passed between various departments until eventually finding a home with another staff member, whose role had already grown beyond her capacity to devote sufficient time to this service. The result was that for periods of time, calls were not being received or recorded. Similarly, in branch offices, the loan officers played a vital role in sharing information about the Hotline with their clients, but as I described in Chapter 8, they too were not given sufficient time or resources to fulfil this task. Such issues, I propose, contributed to the extremely low uptake of the service by clients: while clients frequently had comments, questions or concerns about Cloud Loan services and staff, only a very small number were choosing to raise these through the Hotline service.

Just as I observed in Chapter 5 that the information generated through PPI was not informing strategic or operational decision making, so too did I raise in Chapter 8 that issues raised through the Hotline were not being meaningfully addressed by the organisation. For example, despite frequent complaints around loan officers arriving late to meetings, no efforts to address the schedules and workloads of loan officers had been made. In fact, as I also observed in a previous section, in the interests of organisational efficiency, loan officers were being encouraged to increase the number of clients with whom they worked. This, as several loan officers told me, made it more likely that would be late more often.

I argued too, in Chapter 8, that the primary motivation behind developing the Hotline was not a desire to enhance the organisation's relationship with their clients and invite their insight and feedback on Cloud Loan's work, but to appease Malawi's microfinance regulator, the Reserve Bank of Malawi, and to provide another means of monitoring and controlling staff in the field. On the first issue, I introduced in Chapter 8 a Directive published by the Government of Malawi, which required non-deposit taking microfinance institutions, such as Cloud Loan, to adopt a mechanism for inviting, recording and reporting complaints received from clients. Positioning the Regulator as the primary stakeholder in this initiative, rather than the clients, helps, I argue, to make sense of the weaknesses in the service that I had observed: Cloud Loan was not required to report to the regulator on matters such as how well known and understood the tool was among clients, or what actions were taken as a result of feedback, so these elements of the service were similarly not prioritised by the organisation. This observation once again reinforces my argument that accountability was focused on upwards constituents, and performative in nature.

Upwards Accountability

In considering the question of for what Cloud Loan were accountable, and through my examination of relationships and accountability within the organisation, and to clients, I have outlined my argument that Cloud Loan's accountability efforts were overwhelmingly designed to meet the demands of, or appeal to, donors and regulators. In this thesis, however, I also argue that Cloud Loan's concern with appealing to such powerful actors has led the organisation to provide inaccurate or incomplete reports and accounts of their ambitions and work, fuelling pervasive issues of a lack of transparency. I return to this issue of transparency in the next section of this chapter.

In Chapter 7, I explored Cloud Loan's work with online funding platforms. Through these websites, Cloud Loan, along with hundreds of other microfinance organisation around the world, shares stories of their work, in an effort to encourage individuals to give financial support. While offering the carefully constructed illusion of direct relationships and accountability, however, I argue that these platforms demonstrate the deception and lack of transparency upon which support for the sector is often predicated. From my examination of the content and production of accounts on these platforms, as well as how funds were managed and used by Cloud Loan, I argue that these sites represent what Dolan (2010) refers to as a paradox of visibility and concealment: Though detailed information is being disclosed, it does not offer the recipient genuine insight or understanding into the work of the reporting organisation. For Cloud Loan to be held accountable by upwards constituents, these actors must first have an accurate and realistic account of the organisation's work and achievements.

Further Key Arguments

In answering these research questions, I have offered insight into how accountability is manifested and enacted in the Malawian microfinance sector. From these observations, two further, overarching arguments emerged;

A lack of transparency cuts across the microfinance sector

Bateman (2010) comments that the global microfinance sector has developed a, "sophisticated public narrative [of] carefully crafted and deliberately maintained myths" [Bateman, 2010: 204] which serve to shield the reality of organisations' actions and priorities from external audiences. I have similarly argued in this thesis that many of the relationships and exchanges, essential to the undertaking of microfinance activities, were predicated upon a lack of transparency: the accounts conveyed to donors, supporters, and other influential external actors were, I have shown, carefully constructed, highly selective, and on occasion false.

Building on Bateman's work, I have shown in this thesis the extent to which maintaining this artifice occupied my case study organisation, where this objective was, I argue, prioritised above concerns over social impact. For example, as I have described, supporting the establishment and growth of profit making micro-enterprise is an ambition that has come to define contemporary microfinance, and so too was it core to Cloud Loan's representation of themselves. In this research, however, I revealed that senior officials within Cloud Loan doubted the potential for micro-loans to make a substantial and sustainable impact in this area. Like Bateman (2010) and Sinclair (2012), who estimate that 50-90% of microfinance loans are used to fund consumption spending, one of the most senior officers in Cloud Loan reflected that loans were often used to smooth household finances, rather than for business investment, and that this was, for many, a more valuable use of the funds. Furthermore, Cloud Loan did not track, and could not evidence, the impact of their lending on clients' business activities. Despite such acknowledgements and disinterest internally, however, the organisation continued to devote time and resources to activities such as business training, and to advance the expected narrative.

The reason behind such deception was, I argued, due to a fear that a more honest narrative would prove less compelling, and may jeopardise current and future funding. As I reflected in this thesis, whether to market a constructed or selective representation of your organisation, in order to generate funds for less compelling, but none the less important, work that you do, is a dilemma faced by many charities and NGOs. While I challenge in this thesis whether microfinance was the most effective or appropriate intervention for the people with whom Cloud Loan worked, I do not dispute that these were groups who should be receiving support. An argument could therefore be made that the lack of transparency I observed can be forgiven on the basis that it enabled the generation of funds. I would however, challenge this argument on two grounds.

The first is that, as I have documented, perpetuating the narrative has come to occupy and consume time and resources in all parts of the organisation with, as I have argued in this thesis, limited positive return for beneficiaries. If Cloud Loan, and the wider microfinance sector, were free to deviate from the accepted narrative that they were constructing and selling, resources could be released to trial different approaches, and pursue more effective interventions.

My second concern is that this lack of transparency was not restricted to organisations' presentations of themselves. Rather, I observed that it cut deeper and more widely across the Malawian microfinance sector, underpinning a culture of secrecy. As I raised in this thesis, I found that microfinance organisations in Malawi rarely made details of their operations public. Obtaining key information, such as the interest rates that various organisations charged, I found to be extremely difficult. Often, the concealment of such information was explained to me as being a means of protecting commercially sensitive information, and once again linked to a sense that such information may be off-putting to certain groups of supporters. A victim of this unwillingness to share information was the Government of Malawi who, as I described in Chapter 8, found themselves unable to complete their monitoring and evaluation plans, due to information on operations and achievements not being released to them. As such, while the Government continues to support microfinance in the country, they struggle to fully understand the nature and impact of these activities. A further manifestation of this culture of secrecy was fraud. As I described in this thesis, this was an issue at all levels and locations of my case study organisation, and one that permeates the global microfinance sector. For this issue to be addressed requires all actors to speak out when it is encountered, but with such honesty being suppressed in other areas of operations, and the image of the organisation being paramount, it is easy to see how such problematic and harmful behaviour can remain hidden.

In this thesis, I engaged with the work of Fox (2007), who contends that transparency is frequently offered as the lowest form of accountability, entailing as it does simply making information available and accessible, as opposed to more complicated work on supporting meaningful, reciprocal relationships. I, however, challenge this idea, and instead argue that transparency is an essential component of such deeper accountability. As O'Neill observed in her 2002 Reith Lectures, the "basic and important obligation not to deceive" (O'Neill, 2002c: 6) is paramount, and, I contest, efforts are required to improve and promote transparency in microfinance, before wider accountability can be addressed.

Accountability in microfinance is performative

Accountability, as I described, is widely associated with ambitions of enhancing trust, ensuring that actors are doing what they say they are doing, and protecting vulnerable communities. Where deception and failings, such as those I encountered in this research, are revealed, the common response is a call for greater accountability, and the imposition of various tools and processes to further this ambition (Dixon *et al,* 2006). Yet where accountability tools and mechanism are deployed, they can also legitimise and give new licence to the status quo. In this thesis, I presented that a variety of accountability mechanisms and processes have already been put in place by Cloud Loan. I described, for example, that they had established the Client Hotline, to promote engagement with clients, and adopted the PPI tool, to better understand and evidence their poverty outreach and impact. Despite the presence of these artefacts, however, the lack of transparency that I previously raised, persisted. As I reviewed in this chapter, in exploring each of these initiatives, I challenged their effectiveness in achieving their stated purpose. Furthermore, I argued that the primary objective and contribution of such activities was performative: rather than challenging the deception and constructed narratives, I argue that they were contributing to them.

Eyben (2013; 2006) cautions that by reducing accountability to the undertaking of specific, approved activities, agencies' sense of responsibility to deliver these tasks can overtake their interest in the relationships and learning that they were intended to promote: being seen to be compliant becomes the ultimate goal, rather than enhancing and sharing trust and understanding. This was the tendency that I observed in my time with Cloud Loan. Work on PPI, for example, was much discussed, I argue, because it was important that the organisation was seen to care about their poverty outreach, not because it produced valuable information – as I outlined in Chapter 5, scant regard was paid to this information by decision makers and senior management. Organisations can, I argue, become increasingly good at seeming accountable, without any real change in relationships or actions having occurred.

It was notable too that these initiatives were overwhelmingly put in place either at the specific request of powerful actors, or as a means of impressing them. These actors, I urge, must therefore act with caution when making explicit or implicit demands for accountability. Even if the intention of these powerful actors is to use their influence to promote accountability to other stakeholders, I have illustrated in this thesis how that wider ambition can be lost, and the demand reduced to an act of compliance, serving upwards accountability: as Eyben (2013) cautions, if results are demanded, then they will be produced, but whether they bear any relation to real change is a different matter.

To conclude, I return to, and once again align myself with the work of Onoro O'Neill, and her reflection that, "We need, I think, genuine rights, genuine accountability, genuine efforts to reduce deception, and genuine communication but we may be pursuing distorted versions of each of them" (O'Neill, 2002c: 6).

Appendix 1: External Interviewees

- Three representatives of the Reserve Bank of Malawi, who wished to remain anonymous
- The Executive Director of the Malawi Microfinance Network, Duncan Phulusa
- A trustee of the Scotland Malawi Business Group, and former UK High Commissioner to Malawi, George Finlayson
- The National Coordinator of the Malawi Scotland Partnership, Happy Edward Makala
- Three civil servants from the Government of Malawi's Ministry of Finance, Economic Planning and Development:
    - The Chief Economist, and Scottish Government Sustainable Economic Development Strand Lead, Adwell Zembele;
    - Principle Economist, Golden Nyasulu, and
    - Desk Officer for Village Savings & Loans, and Microfinance, Peter Mwale
- A Private Banking Officer from Standard Bank, Malawi, who wished to remain anonymous
- Senior representatives from four other microfinance institutions, currently operating in Malawi, who wished to remain anonymous

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