

ABSTRACT

DEMOCRATISING NATIONAL POVERTY ERADICATION PROGRAMMES – THE CASE OF THE MICRO INVESTMENT DEVELOPMENT AGENCY (MIDA) AND THE COMMUNITY DEVELOPMENT FUNDS (CDFs) IN JAMAICA

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Jamaica's National Poverty Eradication Programme (NPEP), established in 1995, is predicated on the belief that it should empower persons living in poverty. Among the cornerstone projects of the NPEP is the Micro Investment Development Agency (MIDA) which has been charged with providing marginal persons access to loans for the establishment of microenterprises. MIDA services its clientele by using Community Development Funds (CDFs) which are supposed to be run by potential borrowers who determine how loans are disbursed, while ensuring high repayment rates through the application of peer pressure.

This arrangement is the primary focus of this thesis not only because of the need to ensure that the country maximises the impact of the money disbursed, but because it raises the important sociological question of how to arrive at an institutional arrangement that combines the elements of bureaucracy and flexibility needed to operationalise this arrangement.

The study investigated the efficiency of the CDFs as a mechanism for disbursing scarce microcredit funds by examining the returns on money lent, repayment

rates, employment created, whether the CDFs were servicing the target population, the efficiency of internal organizational structures, and the extent to which the arrangement truly democratised the process of loan disbursal. Data was collected using document reviews and in-depth interviews with key stakeholders.

The study found that, based on the standards established for judging the efficiency of the MIDA/CDF nexus, the overall system is inefficient despite the presence of pockets of efficiency. Both MIDA and the CDFs have a history of being under funded and in an effort to maintain their economic survival they have become less responsive to their target population and, in some instances, reversed the process of democratising credit delivery.

Keywords: Sean Everette Ffrench; Micro Investment Development Agency; Community Development Funds; National Poverty Eradication Programme; poverty eradication; democratisation of social welfare programmes.