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THE ROLE OF AMANAH IKHTIAR MALAYSIA (AIM)
IN POVERTY ERADICATION IN MALAYSIA:
LESSONS FOR SUDAN

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DEDICATION

*To my wife,
My son and daughters,
My brothers and sisters
for their tolerance, support and encouragement*

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DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations, which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree in University of Malaya or other institutions.

Muawia Balla Mahgboul

ABSTRACT

This study is both explanatory and descriptive in nature. It is neither comprehensive nor exhaustive in addressing the problem of poverty in all its ramifications and complications. It attempts to provide a rigorous analysis of the role played by Amanah Ikhtiar Malaysia (AIM) microcredit program in poverty eradication in Peninsular Malaysia with special reference to three AIM branches in Northwest Selangor. The ultimate objective of the study is to evaluate the impact of the AIM microcredit program performance on poverty in the study areas and to derive some relevant lessons from such experience in order to be implemented and replicated in Sudan. To realize such objective the study examines the AIM program performance from three different perspectives: First, by examining the interrelationships between the program performance and the socioeconomic and demographic variables of the target beneficiaries. Second, by assessing the AIM microcredit performance from the program recipients' point of view. Third, evaluating the program performance from the program administration's point of view. In analyzing the survey data gleaned from the study areas, both quantitative and qualitative methods were employed. Descriptive and inferential statistics such as multivariate techniques of factor analysis were used to test the research hypotheses. The findings of the study showed a positive correlation between the program performance and some selected socioeconomic and demographic variables. The study results also revealed that the clients' income increased substantially above the poverty line more than its previous level as a result of Ikhtiar loan. Moreover, the study findings showed that the program performance could be measured effectively by the degree of outreach in terms of the number of clients being covered, the number of centers per branch and the number of field staff per borrowers. Compared with the five AIM's branches in Tengah and Selatan (Central and Southern) States, the research results illustrated that the three branches under the present study stood out as the best performers in terms of the three criteria of measuring outreach and hence the program performance. The study results reveal that AIM can be replicated in Sudan with some modifications. The implication of the study is that any future efforts to replicate the AIM poverty eradication approach to the reduction of extreme rural poverty must take into account the basic design features as well as the socioeconomic and cultural values of the setting in which it can be adapted.

ABSTRAK

Kajian ini meliputi bentuk penerangan dan pernyataan. Penjelasan mengenai masalah kemiskinan serta bentuk dan komplikasinya adalah tidak terlalu komprehensif mahupun sukar. Ia cuba memberikan analisis lengkap tentang peranan yang dimainkan oleh program mikro Kredit Amanah Ikhtiar Malaysia (AIM) di dalam mengurangkan kemiskinan di Semenanjung Malaysia, dengan merujuk secara khusus kepada tiga cabang AIM di kawasan Barat Laut Selangor. Objektif utama kajian ini adalah untuk menilai sejauh mana kesan prestasi program mikro Kredit AIM terhadap kemiskinan di kawasan kajian dan untuk mengutip beberapa pengajaran yang berkaitan daripada pengalaman ini supaya usaha tersebut dapat dijalankan dan digunapakai di negara Sudan. Bagi mencapai objektif ini, kajian terhadap perkembangan program AIM dibuat berdasarkan kepada tiga segi: Pertama, mengkaji saling perkaitan antara prestasi program dan ciri-ciri sosioekonomi dan kepelbagaian demografi kumpulan sasaran. Kedua, mempertimbangkan pendapat tentang prestasi mikro Kredit AIM daripada pelanggan-pelanggan program ini. Ketiga, menilai pendapat daripada pihak pengurusan program tentang prestasi program ini. Dalam menganalisa data kajian yang diperolehi daripada kawasan kajian, kedua-dua kaedah kuantitatif dan kualitatif telah digunakan. Statistik deskriptif dan inferential (*descriptive and inferential*) seperti teknik analisis faktor pelbagai pembolehubah (*multivariate factor analysis*) telah digunakan untuk mengkaji hipotesis kajian. Penemuan daripada kajian ini menunjukkan perkaitan positif antara prestasi program dan beberapa pembolehubah sosioekonomi dan demografi terpilih. Keputusan kajian juga menunjukkan bahawa pendapatan pengguna telah meningkat dengan ketara melepasi taraf kemiskinan sehingga lebih tinggi daripada paras sebelumnya hasil daripada pinjaman Ikhtiar. Hasil kajian juga menunjukkan bahawa perkembangan program boleh diukur dengan efektif berdasarkan kepada darjah jangkauan (*outreach*) dari segi bilangan pelanggan yang diliputi, bilangan pusat bagi setiap cawangan, dan bilangan kakitangan bagi setiap peminjam. Berbanding dengan lima cawangan AIM di negeri-negeri Tengah dan Selatan, keputusan kajian menunjukkan bahawa ketiga-tiga cawangan di kawasan kajian berada di kalangan yang terbaik dari segi kriteria ukuran jangkauan dan juga prestasi program. Kajian ini menunjukkan bahawa usaha AIM boleh dicontohi di negara Sudan dengan beberapa modifikasi. Implikasi

daripada kajian ini adalah bahawa sebarang usaha pada masa akan datang untuk mencontohi pendekatan pengurangan kemiskinan yang dilakukan oleh AIM haruslah mengambil kira ciri-ciri rekabentuk asas dan juga latar belakang sosioekonomi dan nilai budaya di mana ia hendak dijalankan.

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LIST OF ABBREVIATIONS / ACRONYMS

AIM	Amanah Ikhtiar Malaysia
APDC	Asia Pacific Development Center
ASHI	Ahon sa Hirap Inc.
BCIC	Bumiputra Commercial and Industrial Community
BLS	Barat Laut Selangor (Northwest Selangor)
CBOs	Community Based Organizations
CPI	Consumer Price Index
CPR	Center for Policy Research
Ds	Sudanese Dinar
EPU	Economic Planning Unit
FELDA	Federal Land Development Authority
GB	Grameen Bank
GBA	Grameen Bank Approach
GNP	Gross National Product
GRBP	Grameen Rural Bank Project
HDI	Human Development Index
HPI	Human Poverty Index

IAP	Action Interim Plan
IBM	Islamic Bank of Malaysia
IGAs	Income Generating Activities
ILS	Ikhtiar Loan Scheme
IMF	International Monetary Fund
ISA	Import Substitution Industrlization
KKMB	Kuala Kubu Mini Branch
KKR	Kooperasi Kredit Rakyat
KSMB	Kuala Selangor Mini Branch
KUM	Kara Usaha Mandiri
Ls	Sudanese Pound
MFIs	Microfinance Institutions
MIEDF	Malaysia Islamic Economic Development Foundation
4MP	Fourth Malaysia Plan
5MP	Fifth Malaysia Plan
7MP	Seventh Malaysia Plan
MTR	Mid–Term Review
NCS	National Comprehensive Strategy
NDP	National Development Plan

NEP	New Economic Policy
NESP	National Economic Salvation Program
NGOs	Non–Governmental Organization
NIES	Newly Industrialized Economies
NVP	National Vision Policy
OPP1	First Outline Perspective Plan
OPP2	Second Outline Perspective Plan
OPP3	Third Outline Perspective Plan
PD	Project Dungganon
PPRT	Program Pembangunan Rakyat Termiskin
PU	Projek Usaha Maju
SAPs	Structural Adjustment Program
SKIT	Skim Pembiayaan Khas Ibu Tunggal (Single Mother Financial Scheme)
SMP	Second Malasia Plan
SPI	Skim Pembiayaan Ikhtiar (Ikhtiar Financing Scheme)
SPIN	Skim Pembiayaan Ikhtiar Nelayan (Ikhtiar Fishermen Financing Scheme)

SSEPU	Selangor State Economic Planning Unit
TMP	Third Malaysia Plan
UN	United Nations
USM	University Sains Malaysia
VIP	Visual Indicator of Poverty
YBK	Yayasan Basmi Kemiskinan
YUM	Yayasan Usaha Maju