

**THE ROLE OF MICROCREDIT IN POVERTY ALLEVIATION IN
MALAYSIA: THE CASE OF THE AMANAH IKHTIAR MALAYSIA
(AIM)**

**Dr Mohamed Zaini Omar
School of Distance Education
Universiti Sains Malaysia**

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THE ROLE OF MICROCREDIT IN POVERTY ALLEVIATION IN MALAYSIA: THE CASE OF THE AMANAH IKHTIAR MALAYSIA (AIM)

Dr Mohamed Zaini Omar¹
School of Distance Education
Universiti Sains Malaysia
omzaini@usm.my

The emergence of an alternative development model via the Grameen Bank microcredit concept had showcased to the world of how the poor rural households can uplift themselves out of poverty effectively. The Grameen Bank was so successful that it has become the prominent development model, being widely replicated throughout the world and its founder, Professor Muhammad Yunus was the recipient of the 2006 Nobel Laureate for Economic. In 1987 this model was also being implemented in Malaysia by the non-governmental organization and thus was born the Malaysian version of the Grameen microcredit scheme known as the Amanah Ikhtiar Malaysia or AIM. Now after more than two decades in operation, it is timely to examine what are the major roles that had been played by AIM, which can be gauged by looking into its achievements. An evaluation suggests that after two decades in operation, AIM seems to be moving in the right direction and its success has been widely acknowledged by the Malaysian government. This acknowledgement has been translated in the form of an allocation amounting to RM170 million under the Ninth Malaysia Plan (2006-2010) for AIM to carry out its lending activities. Starting with only 1 branch in 1987 with membership of 359, it has by December 2009 a total of 69 branches with membership of around 221,069 throughout the country. By June 2010 AIM had disbursed a cumulative sum of RM4.1 billion of loans to its participants to carry out the income generating activities. Its economic performances are very positive as proven from the several impact studies, whereby its members had experienced an increase in their households' incomes after the utilization of loan. In 2008 AIM had moved into a new frontier, i.e from its rural stronghold into the urban area by launching the urban microfinance programme. On the whole AIM has become a force to be reckoned with, playing a major role in the poverty alleviation exercise in Malaysia during the three periods of the New Economic Policy (1971 –1990), National Development Policy (1991-2000) and the National Vision Policy (2001 –2010) that form the basis of the national policy framework.

INTRODUCTION

The formulation and the implementation of the First five year development plan (1956-1960) marked the origin of the rural development planning in Malaysia. Rural development has thus become the main focus of government policy, strategy and programme. In general programmes implemented during those decades were (i) industrialization via the import substitution, (ii) economic diversification, (iii) development of infrastructure and (iv) development of rural area. The central attention has been on the economic growth which is in line with the then fashionable Rostow's doctrine stage of growth. In the Malaysian rural sector, various strategies can be seen in the form of social mobilization through the Community Development, large scale land development via the creation of Federal Land Development Agency (FELDA). In addition the focus towards achieving rice self sufficiency has been dealt with the "Green Revolution" strategy with the provision of drainage and irrigation facilities in all the major rice growing areas. All these efforts, it is believed will then "trickled down" to the very poor and poor alike and resulting in a more equitable distribution of income and thus alleviating rural poverty.

However in the late 1960s, disappointment began to set in with respect to the growth-oriented strategy. The situation between 1957 to 1970 has actually seen an increased in the number of the absolute poor despite the growth in agricultural output and national income (Lee, 1977; Snodgrass, 1980). This has thus paved the way for the implementation of the New Economic Policy (NEP) in the early 1970s. The NEP – a 20 year programme (until 1990) gives a special emphasis to the eradication of poverty and restructuring of society. During the NEP, various rural development strategies were implemented to combat the rural poverty. They included the Integrated Agricultural Development Programme (IADP), land and regional development, land consolidation and rehabilitation. Accompanying these major programmes have been the provision of various agricultural support services such as the extension, marketing, processing, price subsidies, credit along with basic social amenities were also provided. These efforts had resulted in the reduction of rural poverty from 58.75 in 1970 to 19.3% in 1990. However poverty has continued to be a problem especially the hardcore poverty and such a situation has provided justification for the implementation of an alternative strategy. The alternative strategy saw the birth of the Amanah Ikhtiar Malaysia (AIM) towards the last quarters of the NEP period, which is a non-government effort. It is actually being modeled along the Grameen Bank and was the first serious replication of the Grameen concept. The purpose of this paper is to trace the development and to examine the role of AIM which can be gauged by looking into its achievement in the area of rural poverty alleviation after being in operation for slightly more than two decades. To put things in perspective, this paper reviews briefly the Grameen Bank concept. It will then focuses on the emergence of AIM, the expansion of the programme in terms of its branches, outreached, amount of loan disbursed, loan products, economic performances and the working mechanism of its delivery system.

THE GRAMEEN BANK

Upon realizing the inability of the conventional development strategies in reaching the poor rural household, the search for a more meaningful and viable alternative in alleviating rural poverty was initiated by some concerned social scientist especially in South Asia in the decade of early 1970. They were actually in the non government sectors that had devised an alternative development strategy by implementing programme via the provision of micro-credit to the poor rural household to be used for productive activities that can generate income. One notable example is the Grammen Bank in Bangladesh that has been in existence in the mid 1970s and its founder Professor Mohamed Yunus has been highly acknowledged and was in fact the recipient of the 2006 Nobel Laureate for Economic.

Briefly the center piece of this programme is the specially designed delivery system exclusively with the poor in mind. The guiding principles of this bank is to bring the bank to the poor in the villages, to replace collateral by group liability and to give borrower a free hand in the used of loan based on their survival skills and knowledge, but group supervision has been instituted over the processing and the repayment of loan (Egger, 1986; Ghai, 1989; Todaro, 1994). The Grameen has been widely acclaimed as the most successful development initiative in the 1980s and 1990s (Hulme, 1990, Remenyi, 1991). As a result it has now generally accepted that “micro-credit” to the poor has become central element of economic and social development of the 21st century (MCS, 1996). Programme modeled after Grameen Bank has been set up throughout the world such as in Asia, Latin America and Europe (Grameen Dialogue, 1990). The Amanah Ikhtiar Malaysia or AIM in Malaysia was in fact the first serious replicator of Grameen Bank since 1987.

THE EMERGENCE OF AMANAH IKHTIAR MALAYSIA (AIM)

Why did the Amanah Ikhtiar Malaysia came into existence as Malaysia is not Bangladesh and in general its rural poverty is not as severe as that unfortunate country. For example the per capita GNP of Bangladesh stood at US\$150 in 1985 with Malaysia per capita GNP far ahead at US\$2000 in 1983. The NEP period (1970-1990) can be regarded as a turning point in the alleviation of rural poverty in Malaysia. During this period a huge sum of RM32.9 billion has been allocated towards the rural development effort which saw the implementation of the various development strategies such as the Integrated Agricultural Development Programme (IADP), land and regional development, land consolidation and rehabilitation and various others. Supplementing the strategies were the provision of various agricultural support services such as extension, marketing, processing, price subsidies and basic social amenities. Notwithstanding these efforts, the incidence of rural poverty decline from 58.7 in 1970 to 22.4% in 1987 and further down to 19.3% in 1990. Nevertheless poverty still remains a problem (Gibbons, 1986; Barret, 1993; Chamhuri Siwar and Zulkifli Mustapha, 1987; Minsistry of Agriculture, 1992).

In viewed of this, the Amanah Ikhtiar Malaysia, a non-government effort stepped in and offered a viable alternative which complement the government’s poverty alleviation programme. However AIM’s origin as a model of rural development has been “imported” from abroad, i.e the Grameen Bank of Bangladesh. In a similar vein to the origin of the Grameen Bank, the birth of the AIM has its root via the initial Ikhtiar Pilot Project in 1986 and initiated by a concerned social scientist of the Universiti Sains Malaysia (USM). The two and half year pilot project ended successfully and has resulted in the establishment of the Amanah Ikhtiar Malaysia or AIM in September 1987 to institutionalized and expand the project throughout the country. The next few section is the analysis of AIM’s role by examining the major achievement.s In this context the focus is on branch expansion, outreach, economic performance and the unique specially designed delivery system.

EXPANSION OF THE PROGRAMME: BRANCH, MEMBERSHIP AND AMOUNT OF LOAN DISBURSED

i) Branch Expansion

In 1986, AIM started with a single branch in Northeast Selangor and has since expanded rapidly. The measure of its success is the ability to reach to the current total of 69 branches in the poorest district throughout the country as shown in Figure 1. These 69 branches are organized

via the group-centre concept which are translated in the form of 31,216 groups, federated into 4204 centers operating in 3745 villages throughout the country. In general AIM programme focuses on the poorest districts throughout the country and is shown in Table 1. Kedah and Kelantan have the highest number of members which stood at 31,826 and 36,585 respectively. This development suggests that AIM had managed to penetrate into the poorest district in the country such Tumpat, Baling, Padang Terap and many others.

Figure 1 : AIM Operational Area in Malaysia

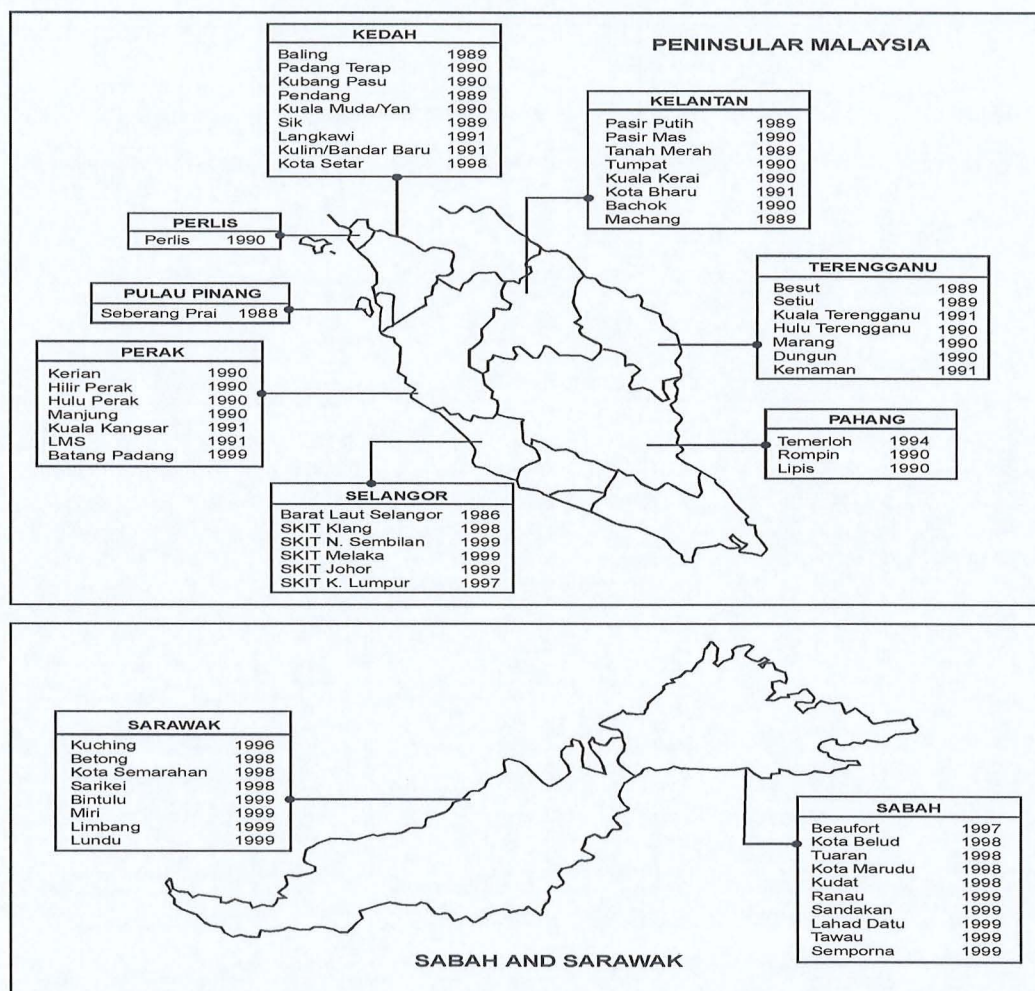


Table 1 : Branch and Membership at the Regional Level

Region and Branches	Memberships	Region and Branches	Memberships
Southern (11 branches)		Kedah (11 Branches)	
Kuala Pilah (N. Sembilan)	2908	Baling (Kedah)	3215
Kuala Langat (Selangor)	3212	Sik (Kedah)	3178
Seremban (N. Sembilan)	2312	Pendang (Kedah)	3928
Melaka (Melaka)	2835	Padang Terap (Kedah)	3677
Muar (Johor)	2497	Kuala Muda (Kedah)	3298
Lipis (Pahang)	3377	Kubang Pasu (Kedah)	3140
Temerloh (Pahang)	2762	Kota Setar (Kedah)	3815
Jerantut (Pahang)	-	Kota Setar 2 (Kedah)	-
Rompin (Pahang)	3294	Kulim (Kedah)	3134
Kuantan (Pahang)	3167	Langkawi (Kedah)	1498
Batu Pahat (Johor)	990	Perlis (Perlis)	3005
Total	27,154	Total	31,826
Perak (11branches)		Kelantan (11 branches)	
Kerian	2536	Tanah Merah	3152
Hilir Perak	2977	Pasir Mas	3972
Manjung	2895	Bacok	3883
Hulu Perak	2982	Tumpat	4155
Kuala Kangsar	3056	Kuala Krai	2942
Larut Matang	3084	Kota Bharu 1	3262
Batang Padang	2733	Kota Bharu 2	3043
Kinta	2064	Machang	2970
Kerian 2	-	Gua Musang	2617
Pulau Pinang	2927	Jeli	2981
Barat Laut Selangor	4222	Pasir Puteh	3608
Total	20,472	Total	36,585
Sarawak (8 Branches)		Sabah 1 (8 Branches)	
Kuching	4050	Beaufort	2663
Kota Samarahan	4028	Kota Belud	2932
Sri Aman	3718	Tuaran	3028
Bintulu	1886	Kota Berudu	3826
Miri	2114	Kudat	2886
Limbang	2325	Keningau	3048
Sarikei	3307	Papar	1506
Mukah	2173	Pitas	105
Total	23,593	Total	19,994
Sabah 2 (7 Branches)		Terengganu (7 Branches)	
Ranau	2974	Besut	3369
Sandakan 1	2961	Setiu	3315
Sandakan 2	3154	Hulu Terengganu	2103
Lahad Datu	2957	Marang	3069
Tawau 1	3419	Dungun	3134
Tawau 2	-	Kemaman	3242
Semporna	2977	Kuala Terengganu	3237
Total	18,442	Total	22,519
Overall Total = 69 Branches			

Source: AIM 2009 : Penyata Kumulatif Yang Disatukan

ii) Expansion in Membership and Amount of Loan Disbursed

Being a credit based poverty alleviation programme, AIM has made an inroad in term of membership expansion as shown in Figure 1 and Table 2. These figure and table had demonstrated that starting with only 20 members during its early stage of formation, the number had increased to 42,861 during the next ten years. By December 2009, the enrolment figure went up to an astonishing 211,069 members. Such a figure suggests that AIM had managed to provide the ray of hope and opportunity for its members to strive hard to overcome the problem of poverty. Such an achievement by the non government sector can be regarded as remarkable. In addition, the amount of loan disbursed cumulatively over the past two decades as shown in table 2 and figure 2 demonstrated that it had surpassed 4.1 billion by June 2010. Such a circulation of credit or money in the rural area suggests the ability of the poor in using the loans to generate incomes through its various generating activities.

Figure 1 : The Growth of AIM Membership: 1986 – 2009

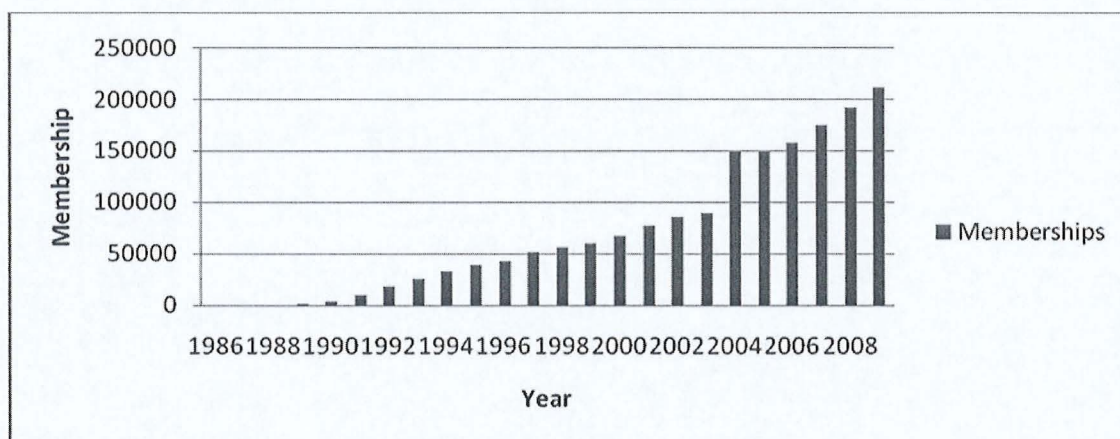


Figure 2 : Amount of Loan Disbursed: 1986 - 2009

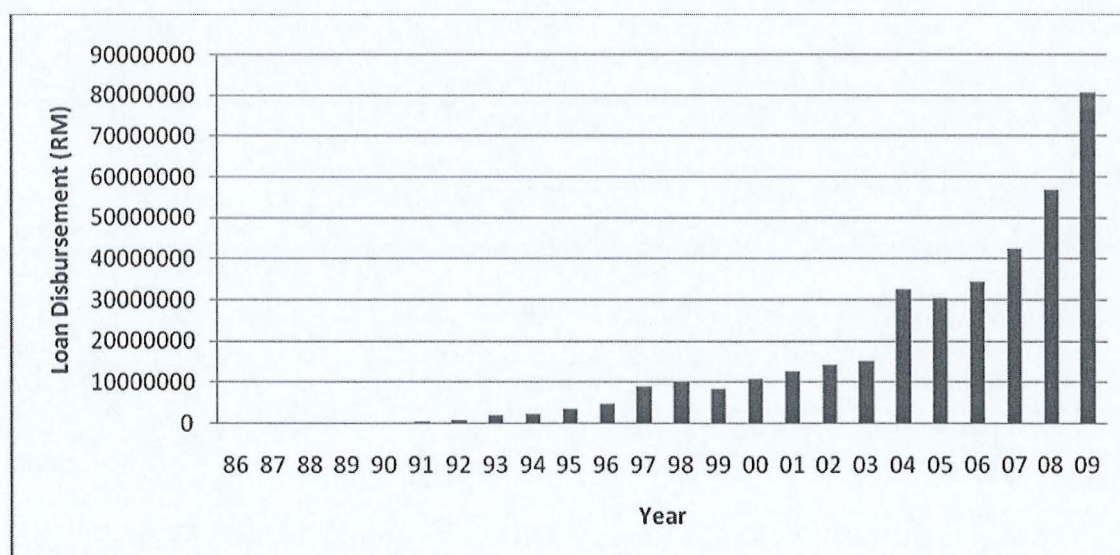


Table 2 : Membership and Amount of Loan Disbursed: 1986 to 2009

Year	Memberships	Loan Disbursed
1986	20	-
1987	359	-
1988	283	-
1989	909	-
1990	3220	RM 891,488
1991	9401	RM 2,970,467
1992	18,918	RM 7,318,141
1993	25,470	RM 18,512,693
1994	33,001	RM 23,339,550
1995	39,401	RM 34,716,000
1996	42,861	RM 47,912,552
1997	51,052	RM 90,216,140
1998	55,954	RM 102,685,700
1999	59,716	RM 82,980,990
2000	66,683	RM 107,247,260
2001	77,283	RM 128,126,650
2002	85,229	RM 140,712,480
2003	88,657	RM 152,082,150
2004	148,628	RM 325,969,550
2005	148,664	RM 304,531,030
2006	157,218	RM 344,883,284
2007	173,973	RM 423,497,990
2008	191,432	RM 567,155,258
2009	211,069	RM 807,910,430
Cumulative Amount of Loan Disbursed (as of June 2010)		RM 4,125,737,413

Sources: AIM, (2005). Analisa Trend Pengeluaran Modal, Pendapatan dan Perbelanjaan Operasi AIM dari 1990-2004 (<http://www.aim.gov.my/~cms/images/analisis.gif>); Md Mahmudul Hassan. (2006). Institutional Transformation of Poverty Focussed Microfinance Institutions in Bangladesh, Nepal and Malaysia, Universiti Sains Malaysia, Phd Thesis; AIM (2007) Amanah Ikhtiar Malaysia Record (Bahagian Pinjaman dan Operasi), Julai 2007; AIM (2009), AIM Cumulative Statement, December 2009. AIM Official Record (Bahagian Pinjaman dan Operasi), July (2010).

AIM has been regarded as a complementary to the government poverty alleviation programme and had received a strong financial support from the government since its establishment. This can be seen from the allocation made during the various Malaysia Plan namely RM200 million in the Seventh Malaysia Plan (1996-200) (Malaysia, 1996), RM 300 million in the Eighth Malaysia Plan (2001 -2005) (Malaysia, 2001). The most recent allocation of RM170 million is under the Ninth Malaysia Plan (2006-2010) that was set aside for AIM to carry out its lending activities (Malaysia, 2006). AIM also received soft loan (interest free) from the Credit Guarantee Corporation amounting to RM 2 million and RM5 million in 1992 and 1995 respectively. Other contributors were Bank Bumiputra of 1.5 million and Maybank RM5 million .

THE LOAN PRODUCT

Table 3 : Ikhtiar Loan Product Since its Inception

Types of loan	Amount of Loan	Repayment Period/ Administrative Charge(%)	Terms and Conditions
Initial loan product (since it inception)			
1. Ikhtiar Loan 1 (since inception) As revised in 1997	1 st : RM 500 2 nd : RM 1000 3 rd : RM 1500 4 th : RM 2000 1 st : RM 1000 2 nd : RM 2000 3 rd : RM 3000 4 th : RM 4000 5 th : RM 4900	50 to 100 weeks 8% (for RM1000 to RM 2000) 19%(RM3000 & above)	Household's monthly income or per capita income below the current AIM Poverty Line Income (AIM poverty line is less than two-thirds of the current Government Poverty Line).
2. Ikhtiar Loan 2 (1992) As revised in 1997	RM 2000 to RM5000 RM5000 to RM 9900	50 to 100 weeks 19%	Monthly income of at least RM 600 and with good repayment record in the ILS 1.
3. Ikhtiar Loan 3 (1993) As revised in 1997	RM 5000 to RM 10,000 RM 10,000	50 to 100 weeks 19%	For members who have graduated from ILS 2 and with a monthly income of RM 1000.
4. SPIN – 1997 (Fishing Loans)	RM 10,000	3 years 19%	For fishermen with monthly income of less than RM 460.
5. SP-IT – 1997 (Single Mother)	RM10,000	3 years Initially 19% but reduced to 18% (1999)	Solely meant for female single parents with household income below the Poverty Line according to States
6. Education -1989 As revised in 1997	RM 500 RM 1000	50 weeks 8%	Good repayment record for the first loan
7. Housing – 1992 As revised in 1997	RM 2000 RM 5000	50 to 100 weeks 19%	Good repayment record for the third loan.

Sources: Adapted from Various AIM's Documents; AIM, (2004) Amanah Ikhtiar Malaysia : Manual Produk & Syarat Ikhtiar, Edisi Keempat, Januari 2000 CMCTR

i) The Initial Loan Products (Table 3)

Initially AIM provides seven types of loans through its economic and social loans scheme as shown in Table 3. The economic loan consists of (i) benevolent loan (Ikhtiar Loan Scheme 1 or the ILS 1, (ii) the semi-commercial loan (Ikhtiar Loan Scheme 2 or ILS 2), (iii) the near-commercial loan (Ikhtiar Loan Scheme 3 or ILS 3) (iv) fishing loan (SPIN), which is being targeted at male fishing community and (v) single mothers' loan scheme meant for "single mothers" (SP-IT) due to divorce or death of the breadwinner, and are mostly operated in urban-based areas. AIM also provides a social loan via its education and housing loans. The education loans cover school expenses of their children.

ii) The Revised Loan Products (Table 4)

Table 4 : Revised Loan Product

Types of loan	Amount of Loan	Repayment Period/	Terms and Condition
1. Ikhtiar Rezeki <i>a) I-Mesra</i> (economic loan for generating income)	RM 2000 – RM 20,000	25 to 150 weeks plus 4% Administrative. Charge	First loan of RM 1000, Second loan of RM 3000 & Third loan of RM 4000. This is the basic loan for every new borrowers before graduating to others subsequent loan.
Ikhtiar Rezeki <i>b) I-Srikandi</i> (economic loan for generating income)	RM 2000 – RM 20,000	25 to 150 weeks plus 4% administrative charge	Member with project that has the potential to succeed and cutting edge.
Ikhtiar Rezeki <i>c) I-Wibawa</i> (economic loan for generating income)	RM 5000	6 months (payable weekly, monthly or lump sum) plus 4% administrative charge	For member intending to get a bigger size loans with preference given to short term small business.
2. <i>I-Bistari</i> (social loan)	RM 5000	25 to 100 weeks plus 4% admin charge	Continuation of the previous education loans scheme.
3: <i>I-Sejahtera</i> (multipurpose loan)	RM 10,000	25 to 150 weeks plus 4% administrative charge	For acquiring assets and other requirements (such as land, house, machine, wedding, pilgrimage in Mecca, and various others)
4). <i>I-Penyayang</i> (Rehabilitation loan)	RM 1000	12 to 50 weeks plus 4% administrative charge	For member with repayment and Portfolio at risk problem (PAR). Member needs to undergo a re-training exercise.

Source : AIM, (2004) Amanah Ikhtiar Malaysia : Manual Produk & Syarat Ikhtiar, Edisi Keempat, Januari 2000 CMCTR

Since April 2003 the original scheme of *ILS 1*, *ILS 2*, *ILS 3* (table 3) and others were being revised with “new” loan product as in table 4. In actual fact it is a revision of the previous loan products and the most noticeable is an increased in the loan size, ranging from RM 2000 to RM 50,000 as compared to previous loan size of RM 500 to RM 10,000. The new schemes are the (i) Economic scheme of (a) *I-Mesra*, (b) *I-Srikandi*, (c) *I-Wibawa* and (d) *I-Wawasan* (ii) Ikhtiar Education Scheme of *I-Bistari* (iii) Various purpose scheme of *I-Sejahtera* and (iv) Rehabilitation scheme of *I-Penyayang*. In general the economic loan scheme of *I-Mesra*, *I-Srikandi*, *I-Wibawa* and *I-Penyayang* had accounted the bulk of the loan which amounted around 75 percent of the total loan disbursed. As of June 2010 AIM had disbursed a cumulative value of RM4.1 billion loans to its members (AIM, 2010).

ECONOMIC PERFORMANCES : AN INCREASE IN HOUSEHOLD INCOME

Table 5 : Various Impact Studies on AIM Borrowers

Impact Studies	Average household incomes “without” micro-credit	Average household incomes “with” micro-credit	Changes in Household incomes	Place of Study
AIM Impact Study 1 (1988)	RM 142	RM 220	+RM 78 (55%)	Samples of 178 borrowers in Northwest Selangor
AIM Impact Study 2 (1990)	RM 221	RM 391	+RM 170 (77%)	Sample 200 households with 150 AIM borrowers and 50 from the “control group”. Seberang Perai and Northwest Selangor
Myrna Jimenez (1990)	RM 185.6	RM 431.6	+RM 246 (133 %)	Sample size of 50 AIM members. Northwest Selangor
SERU (1991)	RM 198	RM 466	+RM 268 (135 %)	Samples of 587 (396 active members and 191 ex-members). Baling and Sik in Kedah, S.Perai and Northwest Selangor
Chamhuri Siwar (1992)	RM 162.6	RM 459.0	+RM 309 (138%)	Sample size of 310 AIM borrowers. In Northwest Selangor, Seberang Perai, Kelantan Terengganu and Kedah
AIM Impact Study 3 (1993)	RM 223	RM 532	+RM 296.4 (182.3 %)	265 samples of AIM borrowers but only 152 samples or 57 % were completed. 13 branches at districts in Perak, Northwest Selangor, S. Perai, Kedah, Kelantan and Terengganu.
Mohd Taib Dora (1993)	RM 194.85	RM 254.92	+RM 60.07 (30.8%)	Sample of 60 AIM borrowers in Selangor.
Mohamed Zaini (1995)	RM 165	RM 317	+RM 152 (92 %)	Samples of 265 AIM borrowers and 254 “control group”. District of Baling, Kedah
Sukor Kasim (2000)	RM 201	RM 627	+RM 426 (211%)	Samples of 207 AIM active borrowers compared with non-borrowing AIM members, (25) , dropouts (12) and non- participating poor (104) from 16 Branches

Sources: Mohamed Zaini Omar (2002), Towards the Reduction of Rural Poverty in Malaysia : Lessons From the Innovative Scheme of Amanah Ikhtiar Malaysia, Borneo Review, Volume XIII, Number 1, June 2002.

The main achievement of AIM has to be seen in the context of its main objective of increasing the income of its participants. This has been confirmed from several impact studies which were conducted between 1988 and 2000 on AIM's borrowers as summarized in **Table 5**. All these studies came to a similar conclusion that Ikhtiar loans have significantly contributed to an improvement in the income level of participants after the utilization of loans. The level of loan repayment is also an almost perfect of 99 percent. However all the above achievements in term of the level of outreached, loan disbursed and the economic performance have been the result of its "specially designed delivery system", which had worked directly and preferentially for the poor which will be revealed next.

SPECIALLY DESIGNED DELIVERY SYSTEM EXCLUSIVELY FOR THE POOR

i) Exclusive Focus on the Very Poor Households

Past experienced suggest that the programme meant for the poor ended up with the non-qualified person becoming member of the poverty programme. As a result AIM has devised a unique way of identifying the eligible members. By using crude measure of poverty based housing conditionals proxy which includes size, material used and general condition. Such a "crude visual indicator" gives a fairly accurate index of the household's economic condition. In general only those members whose average household income of less than RM 250 or RM 50 per capita per month are eligible to become members. Even for those cases deemed eligible they are further "screened" through a re-interview process and this is a built-in quality control mechanism had managed to "weed-out" ineligible households.

In relation to this "weeding out exercise", a comparative study on the outreached of AIM and the Government initiated "Development Programme for the Poorest" in 2004 found that the outreached in AIM was much higher with a leakage to non eligible households of 5% and the figure for the government stood at 12% (Selma, 2006). Other studies also indicated that the outreached in AIM was much higher in comparison to the other two microfinances of Koperasi Kredit Rakyat (KKR) and Yayasan Usaha Maju (YUM) (Chamhuri and Basri, 2001; Rahmah, 2001).

ii) The Exclusive Delivery System

Apart from focusing exclusively for the very poor as it member, this programme also has a number of central design features as described below:

- a) Suitable loan conditions and simple procedure and as a result loan is provided with no collateral, no guarantors, no interest and no legal action will be taken for failing to repay.
- b) Group liability as a substitute for collateral which required that each group member is to stand guarantor for every other member and credit discipline via peer pressure and support.
- c) The 'group' concept has been the basic building block of this programme had been strengthened by federating the group into a centre which thus developed into a unique "sociological phenomenon of multi-layered filters" of peer pressure and support. This has contributed to the maintenance of credit discipline.

- d) Its loans are strictly for any income generating activities and to ensure that loans are properly utilized, it will be closely monitored by AIM's staff.
- e) Compulsory weekly savings in the group fund is another interesting feature.

MOVING ON TO THE NEW FRONTIERS

In 2008 AIM had introduced the Urban Microfinance Programme and to date has a total of 17 branches in major urban area with an initial allocation of RM 100 million. Its purpose is to help the urban poor which is measured those whose income should not exceed RM 2000 per month or RM 400 per capita. Loan was given out to member to carry out a small business. As of December 2009 PKMB has disbursed a cumulative value of RM64,207 to a total of 21,602 members (AIM, 2009).

CONCLUSIONS

It was against the inability of several the government strategies for not able to address the problem of rural poverty effectively, had actually paved the way for the emergence of the alternative development concept with micro-credit as the main weapon. One notable example is the Grameen Bank of Bangladesh with its innovative concept of microcredit programme for the poor rural households based on group liability, along with its specially designed delivery system. Winning the Nobel peace prize in 2006 by its founder is a further testimony of the microcredit astounding achievement that had attracted many replicators throughout the world.

Amanah Ikhtiar Malaysia has been accepted as the most successful replication of Grameen concept. From a single experimental branch 1986, it has expanded to a total of 69 branches with membership of 211,069 and had disbursed around RM 4.1 billion worth of loans to its member. In general AIM can also be regarded as an "association of the very poor people" working together for their common good. Various studies had also indicated that AIM's loans had been effective in increasing the income of its member and managed to push them up the social ladder i.e., from being very poor to poor and out of poverty threshold. By 2008 AIM has moved to a new frontier with its urban microfinance programme and to date has a total of 17 urban branches. With all the accomplishment, credit (not loan) should be given to Ikhtiar Organization as it painstaking business of venturing into a challenging territory by putting Grameen Bank concept of microcredit onto the Malaysian soil, which is indeed a very tricky and delicate exercise, and we cannot expect smooth sailing exercise from day one until the present day. Thus as rightly pointed by Burkey (1993;193):

"Operating loan funds for the poor is a tricky business. It is delicate balancing act involving, on the one hand, maintaining a business-like and viable loan fund without becoming an oppressive loan collector and, on the other hand, trying to fuel the development process for the poor without establishing new dependency relations which in the long run destroy the process"

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