

# **The Impact of Microfinance on the Empowerment of Rural Women.**

## **A Case Study of Asuogyaman District in the Eastern Region**

by

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## DECLARATION

I hereby declare that this submission is my own work towards the CEMBA and that to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other Degree of the University, except where due acknowledgement has been made in the text.

KNUST

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Date

Certified by

(Head of Department)

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Date

## DEDICATION

This work is dedicated to the Almighty God for His guidance and protection throughout my academic life.

It is also dedicated to my dear husband, Mr. Joseph Kofi Okyere and my two lovely kids, Oheneba and Nhyira.



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May the good Lord richly bless you all for being part of this success.

## ABSTRACT

The main objective of microfinance scheme or programme is to provide opportunity for the poor to access financial services in order to engage in income generating activities. This as it were, would lead to economic empowerment of the poor women who are deprived of the paid jobs.

However, there has been a debate in recent times on whether these MFIs really provide the opportunity for women who forms majority of the poor all over the world to access financial services thereby improving their welfare.

The study therefore sought to assess whether products of MFIs have really contributed to the growth or otherwise of women entrepreneurs thereby empowering them economically. Simple random sampling techniques were employed in selecting the sample. The main research instruments used in the study were structured questionnaire and interview.

The study revealed that even though MFIs have to some extent empowered rural women economically, its full benefit is yet to be realized by these women due to its high interest rate, inflexible payment schedule, group formation etc.

It is therefore recommended that the interest rate should be reduced and be made known to the customers. And to make repayment flexible it is recommended that repayment be made in such a way that trusted members are given a payment per month instead of the two weeks payment. Again MFIs should continue to organize training programme for the women entrepreneurs. They should also embark on educational programmes on microfinance product. This would offer the client the opportunity to be familiar with the operations of MFIs.

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## List of Abbreviations

1. ASRB–Asuogyaman Rural Bank
2. ARB – Anum Rural Bank
3. HCCUA – Hydro Credit Co-operative Union Association
4. ADB – African Development Bank
5. NTHC – National Trust Holding Company
6. UNIFEM – United Nations Development Fund for Women
7. MDGs – Millennium Development Goals
8. PNDC – Provisional National Defense Council
9. WID – Women in Development
10. GAD - Gender and Development
11. MFIs –Micro Finance Institutions
12. MDGs-Millennium Development Goals
13. GSS-Ghana Statistical Service
14. UN –United Nations
15. MTL - Mid-Term Loan
16. BOG-Bank of Ghana
17. UNDP –United Nations Development Programme
18. NGOs-Non- Governmental Agencies
19. ACCION –Americans for Community Co-operation in Other Nations
20. UNFPA – United Nations Population Fund
21. FINCA – Foundation for International Community Assistance
22. ILO – International Labour Organisation
23. OECD - Organization for Economic Cooperation and Development
24. RCBs – Rural and Community Banks
25. RMFIs- Diversity of Rural Microfinance Institutions
26. NBFLs - Non-Bank Financial Institutions
27. FINSSAP -Financial Sector Strategic Plan
28. FNGOs - Financial Non-Governmental Organizations
29. ROSCAS - Rotating Savings and Credit Associations
30. RFSP - The Rural Financial Services Project

## CHAPTER ONE

### GENERAL INTRODUCTION

#### 1.0 Background to the Study

In Ghana, the concept of microfinance is not new because there has always been the tradition of people saving, taking small loans from individuals and groups within the context of self-help to start business or farming ventures. First credit union in Africa was established in Northern Ghana in 1955 by the Canadian Catholic missionaries. However, the SUSU which is one of the microfinance schemes started in Nigeria and spread to Ghana in the early 20<sup>th</sup> century. Microfinance has developed into its current state through governmental policies and programmes. For instance provision of subsidized credit in the 1950s, the establishment of African Development Bank (ADB) and the establishment of rural and community Banks in the 1970s and 1980s as well as the promulgation of PNDCL 328 in 1991 to allow the establishment of different categories of non-banking financial institutions including savings and loans companies and credit unions (Asiama et al, 2007).

Microfinance is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services.([www.opportunity.org](http://www.opportunity.org)). It therefore encompasses the provision of financial services and the management of small amount of money through a range of products and a system of intermediary functions that are targeted at low income clients. It includes loans, savings, insurance, transfer services and other financial products and services. It is thus one of the critical financial tools for the poor. According to

Simanowitz et al, (2007) as cited in Asiamah et al (2007), microfinance is a key strategy in reaching the Millennium Development Goals (MDGs).

The objectives of microfinance among others are that the poor, mostly women (because of their engagement in unpaid work) need access to productive resources with financial services being a key resource. Micro finance can have significant impact on cross cutting issues such as women empowerment thereby promoting gender equality. Microfinance schemes usually lend small short term loans to very poor micro-entrepreneurs (very poor micro-entrepreneurs are women). Loan repayment is always guaranteed by group members collectively and access to future credit or loans is contingent on successful repayment. Hence peer monitoring and the prospect of subsequent larger loans act as strong incentive for repayment (Ray, 1998). According to the 2000 population and housing census 80% of the working population is found in the private informal sector. The sector is characterized by women dominance and lack of access to credit from the traditional banking institution due to the question of collateral security. Therefore the effectiveness of any microfinance scheme or programme should be assessed based on how it has been able to empower women economically, politically and socially.

Increasing evidence shows that not only is women overrepresented among the poorest people but is also more likely than men to spend their incomes on the welfare of children and dependents. Therefore poverty reduction programmes which target women are likely to be more effective. Empowering women is the second stated goals of microcredit summit campaign. There is also the evidence of significant potential for microfinance to enable women to challenge and change gender inequalities at all levels. There is now the

growing need to rethink the current best practices to ensure that women have equal and possibly preferential access to all types of financial services (Mayoux, 2006). Many microcredit programmes have targeted one of the most vulnerable group in society- women who are in households which own little or no asset. By providing opportunity for self employment, many studies have concluded that these programmes have significantly increased women's security, autonomy, self-confidence and status within their households (Mayoux, 2006). Is this the case in Ghana? This study would therefore find answers to various questions raised herein. It would in short find out the impact of microfinance on rural women and if there is any special microfinance product for small scale enterprises of women in the Asuogyaman District.

#### Why Women?

- Women represent 70% of those living on less than \$2 a day.
- Women suffer inequitably from the chronic effects of poor nutrition, insufficient healthcare and limited educational opportunity.
- Women do 66% of the world's work and receive only 10% of the pay.
- Women spend 90% of their income on their families, while men typically spend only 35%.
- Women who contribute to family finances have greater decision-making power, resulting in better nutrition, health and education for their children. When family needs are met, women are more likely to invest in their communities.

([www.opportunity.org](http://www.opportunity.org))



## 1.1 STATEMENT OF THE PROBLEM

Microcredit programs allow women to take a greater role in household decision making; to have greater access to financial and economic resources; to have greater social networks and more bargaining power vis-à-vis their husbands; and to have greater freedom of mobility (Linda Mayoux 1997).

Naila Kabeer defines women's empowerment as the process by which those who have been denied the ability to make strategic life choices acquire such ability.

The main objective of microfinance scheme or programme is to provide opportunity for the poor to access financial services in order to engage in income generating activities. This as it were, would lead to economic empowerment of the poor women, according to Moser (1998) all over the world form majority of the poor because they are deprived of the paid jobs.

Despite many international agreements affirming their human rights, women are still much more likely than men to be poor and illiterate. Microfinance programmes have the potential to initiate a series of virtuous spirals of economic empowerment, increased well-being of women and their families and a wider social and political empowerment (Mayoux, 2006). United Nations Development Fund for Women (UNIFEM) provides credit to women as a way of strengthening them economically and politically. Are these



women empowered socially, politically and economically as a result of microfinance services they have benefitted? These issues raise question as to whether the financial institutions and the various interventions provided by the government to empower women in Ghana have had any significant impact. These deserve a scientific investigation so as to assess the impact of micro financing on women empowerment in Ghana particularly those in the Asuogyaman District in the Eastern Region.

## **1.2 Objectives of the Study**

The study generally attempts to find out the impact of micro financing on empowerment of women particularly those in the rural areas.

### ***Specific objectives***

1. To identify some of the microfinance products (facilities or interventions) and specific packages available to small scale enterprises run by women in the rural areas.
2. To find out the impact of microfinance interventions/packages on the enterprises run by women entrepreneurs.
3. To examine the impact that microfinance interventions/packages for women have had on the families of these women.

## **1.3 Research Questions**

1. What are some of the microfinance products available to small scale enterprises run by women in the Asuogyaman District?
2. What impact has those interventions had on the women entrepreneurs?
3. What effect has microfinance interventions had on the families of these women?

#### **1.4 Justification of the study**

Microfinance and gender issues inform geo-politics of today. Therefore any government or institution which ignores them does so at its own peril. As such the findings of the study may be tapped by policy makers and institutions especially those in the microfinance services to develop policy framework which will take care of gender issues in micro financing in Ghana. This study intends to be a pace setter for similar studies to be embarked on in other rural areas of the nation. The information gathered can be used to improve the lot of Ghanaian women who form 51.3 per cent of the total population of 24.23 million according to the provisional figures of the 2010 population and housing census.

#### **1.5 Research Methodology**

The study used both survey and in-depth interview to gather primary data for the study. Simple random sampling was used to select respondents. The sample size was 150 and the population of interest comprises all micro/medium women entrepreneurs. They must engage in any form of economic activities for which they have accessed any microfinance products. The study area was limited to ten communities in Asuogyaman District. This area was purposively selected due to the poor nature of the women in these communities as a result of the construction of Akosombo dam that has deprived the people of their farmland thereby the women resorting to petty trading. The study focused only on the impact of microfinance on women empowerment. Statistical Package of the Social Sciences (S.P.S.S) Microsoft programme was used to analyse the data. Descriptive statistics was applied to group the information for easy comparison to draw conclusion.

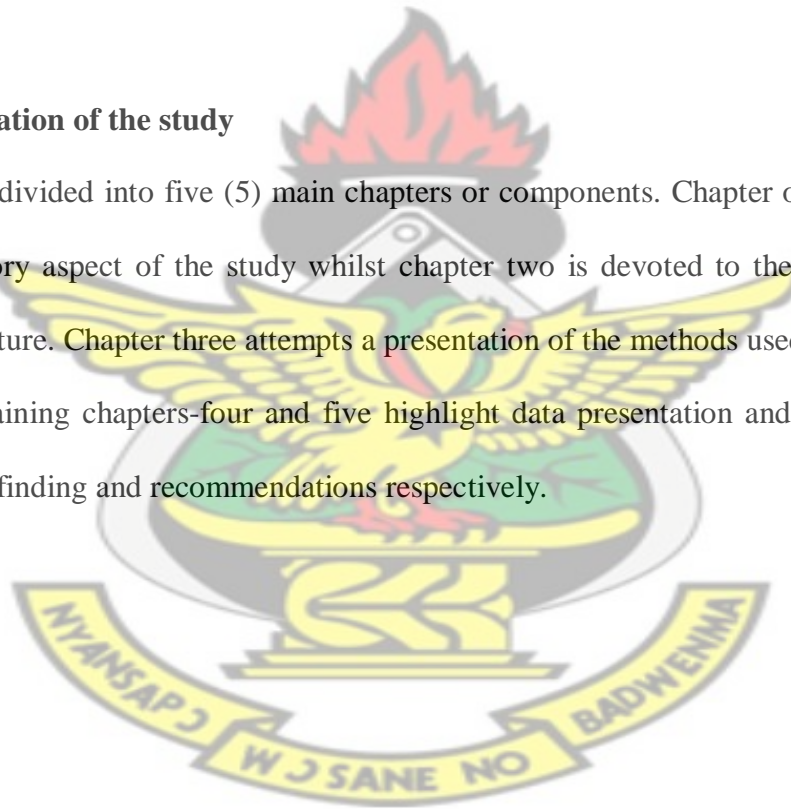
## **1.6 Limitation of the Study**

First of all, most Ghanaian businesses are not transparent. It was therefore difficult initially to get the required information but based on the assurance that the information given would not be disclosed to their competitors, they were willing to participate.

Time constraint was another factor as a lot of time was used in search for the gathered information as they were completely scattered.

## **1.7 Organization of the study**

The study is divided into five (5) main chapters or components. Chapter one deals with the introductory aspect of the study whilst chapter two is devoted to the reviewing of relevant literature. Chapter three attempts a presentation of the methods used in the study. The two remaining chapters-four and five highlight data presentation and analysis, and discussion of finding and recommendations respectively.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction to Microfinance

Micro finance encompasses the provision of financial services and the management of small amount of money through a range of products and a system of intermediary functions that are targeted at low income clients. It includes loans, savings, insurance, transfer services and other financial products and services. It thus consists primarily of providing financial services, including savings, microcredit, micro-insurance, micro-leasing and transfers in relatively small transactions designed to be accessible to micro enterprises and low income households (Asiama et al 2007).

Women have been taken for granted since prehistoric days to date. This is due to ignorance which gives rise to a social structure that reinforces women's subordination and inequality. For instance, Al-Bizri (1995) quoted PLO leader Yasser Arafat as saying "The wombs of Palestinian women are bombs in the confrontation with the Israeli's". This demonstrates the extent to which women can be used as animals for social sacrifice.

It is against this background that Beijing Declaration and platform for Action (1996) noted with concern that there were considerable differences in women's and men's access to and opportunities to exert power over economic structures in their societies. In most parts of the world, women are virtually absent from or are poorly represented in economic decision-making including the formulation of financial, monetary, commercial

and other economic policies. Since it is often within the framework of such policies that individual men and women make their decisions, inter alia, on how to divide their time between remunerated and unremunerated work. The actual development of these economic structures and policies has a direct impact on women's and men's access to economic resources, economic power and consequently the extent of equality between them as the individual and the family level as well as in the society as a whole. The document indicated as a critical area of concern the advancement of women and the achievement of equality between men and women are matters of human rights and a condition for social justice and must not be seen in isolation as a women's issue. To this end, governments, the international community and civil society, including non-governmental organizations and the private sector are called upon to take strategic action among others in the following critical area of concern. There are insufficient mechanisms at all levels to promote the advancement of women.

Gender differences are core in World Bank lending. They are relevant for poverty alleviation. Thus understanding the responsibilities and roles of women and men among various income groups will help borrowers plan and implement effective development strategies. Attention to gender issues such as inequality in accessing resources is essential to achieving the Bank's mandate of poverty alleviation and economic growth (Moser, 1999). As a result of this structural inequality, at women's rights convention held in Seneca Falls, New York, 1848 participants created a modified version of the declaration of independence. They called it the declaration of sentiments and resolutions. Some of the excerpts read "We hold these truths to be self-evident that all men and women are created equal... The history of mankind is a history of repeated injuries... on



the part of men towards women, having in direct object the establishment of an absolute tyranny over her: He has compelled her to submit to laws in the formation of which she had no voice. He has monopolized nearly all profitable occupations, and from those she is permitted to follow, she receives but a scanty remuneration. He closes against her all the avenues to wealth and distinction which he considers most honorable to himself. He has endeavored in every way that he could to destroy her confidence in her own powers, lessen her self-respect and to make her willing to lead a dependent and object life. In view of their social degradation and in view of the unjust laws above mentioned and because women do feel themselves aggrieved, oppressed and fraudulently deprived of the most sacred rights, we insist that they have immediate admission to all the rights and privileges which belong to them as citizens of the world” (emphasis added); (Newman, 2004). Anthropologists and sociologists agree that most societies around the world devalue women to some extent.

Where women’s status is low, family size tends to be large, which makes it more difficult for families to thrive. Population and development and reproductive health programmes are more effective when they address the educational opportunities, status and empowerment of women. When women are empowered, whole families benefit, and these benefits often have ripple effects to future generations.

The roles that men and women play in society are not biologically determined -- they are socially determined, changing and changeable. Although they may be justified as being required by culture or religion, these roles vary widely by locality and change over time.



UNFPA has found that applying culturally sensitive approaches can be key to advancing women's rights while respecting different forms of social organization.

Addressing women's issues also requires recognizing that women are a diverse group, in the roles they play as well as in characteristics such as age, social status, urban or rural orientation and educational attainment. Although women may have many interests in common, the fabric of their lives and the choices available to them may vary widely. UNFPA seeks to identify groups of women who are most marginalized and vulnerable (women refugees, for example, or those who are heads of households or living in extreme poverty), so that interventions address their specific needs and concerns. This task is related to the critical need for sex-disaggregated data, and UNFPA helps countries build capacity in this area.

As a result, women represent 70% of the 1.3 billion people living in poverty worldwide (stockyard et al 1992 as cited in Newman 2004). The same author reported that about two-thirds of U.S men and women would have to change jobs today to achieve equal gender distribution across occupations. Today, women continue to have much less earning power in the labour market than men. In response to some of these structural discrimination and miss-match led to the introduction and adoption of policies such as affirmative action, introduced in the 1960s. This was a programmed designed to seek out members of less privilege groups (women, for instance), for positions of which they had previously been excluded.

## 2.2 Policy Approaches to Women Empowerment

Throughout the World and Third World in particular, in the past twenty or so years, there has been a proliferation of policies, programmes and projects designed to assist low income women. These approaches are classified under Women in development (WID) and gender and development (GAD). WID approach views women as the problem and thus focuses on women. The aim of this framework is to achieve more efficient and effective development by integrating women into the development process. Some strategies for achieving this include development of women's projects, integrated projects, increase women's productivity, increase women's income and increase women's ability to look after households. This framework enhances practical gender needs (PGN); the needs women identify in their socially acceptable roles in society. Gender and development (GAD), on the other hand focuses on the relations between men and women, unequal relations of power (rich and poor, women and men) that prevent equitable development and participation, empower the disadvantaged women and at the same time address women's strategic interests or needs. GAD approaches attempt to meet strategic gender needs of women. They are the needs women identify because of their subordinate position to men in their society. Meeting strategic gender needs help women to achieve greater equality. Some of the WID/GAD policy approaches include Welfare, equity, antipoverty, efficiency, empowerment and equality. Welfare approach is the earliest of all which functioned between 1950 and 1970. Its original purpose was to bring women into development as better mothers. Equity is the original WID approach used in

the 1975-1985 UN Women's decade. Its purpose is to gain equity for women who are seen as active participants in development. It challenges women's subordinate position. Antipoverty is a second WID approach, a fine-tuned version of equity adopted in the 1970s onwards. Its purpose is to enhance the productivity of low-income women. Mayoux (2006) seeks to link micro finance with this approach when she explained that microfinance should target the poor who are mostly women.

Efficiency is the third WID approach adopted since the 1980s debt crisis. Its purpose is to ensure that development is more efficient and effective through women's contribution. Empowerment is the first post WID approach, articulated by women in developing countries. Its purpose is to empower women through greater self-reliance. It seeks to meet strategic gender needs of women. Equality is the most recent GAD approach emerging from the Fourth World Conference on women (Beijing, 1995) and widely adopted by governments and agencies. It introduces equality as a human right and emphasizes that power-sharing and more equitable partnership between women and men are politically, social and economic prerequisites for sustainable, people-centered development. All the GAD approaches (empowerment and equality) seek for the economic, social and political empowerment of women. Mayoux, (2006) believes that micro financing of women enterprises is the means by which these can be achieved.

According to the review findings of World Bank's 1994 gender policy; the Bank starts by identifying Gender and development (GAD) as its framework, but frequently refers to women as a separate target group rather than identifying women's priorities or needs in terms of men's. In terms of policy approaches there has been a shift from a welfare policy approach targeting women as a vulnerable group to one emphasizing economic efficiency

which is identified as a direct link to the World Bank's overarching mandate of poverty reduction. The Bank's Policy paper on gender emphasizes the importance of focusing on strong economic arguments showing that women can and must play a role in economic development. In preparations for the 1995 Beijing Conference, the Bank's Gender policy also, endorsed a concern for social justice, stating that: "Investing in women is thus an important part of development strategy as well as a matter of social justice" (Moser 1999)

### **2.3 Microfinance Definitions and Historical Background**

Micro finance encompasses the provision of financial services and the management of small amount of money through a range of products and a system of intermediary functions that are targeted at low income clients. It includes loans, savings, insurance, transfer services and other financial products and services. It thus consists primarily of providing financial services, including savings, microcredit, micro-insurance, micro-leasing and transfers in relatively small transactions designed to be accessible to micro enterprises and low income households (Asiama et al 2007). Robert et al (2004), also refer to micro finance as a movement that envisions a world in which as many poor and near poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance and fund transfer.

In another development, Robinson (2001) asserted that microfinance schemes usually lend small short-term loans to very poor micro entrepreneurs. Loan repayment is usually guaranteed by group members collectively and access to future credit or loans is contingent on successful repayment. Hence peer monitoring and the prospect of subsequent larger loans act as strong incentives for repayment. Offering financial services



to poor people in developing countries is expensive business. The cost is one of the biggest reason traditional banks do not make small loan. The resources required for a small loan is the same for big loan. MFI also have big personnel and administrative costs. Field staff managers must perform village surveys before entering a village, conduct interview with potential borrowers, educate borrowers in credit discipline, travel to the villages every week to collect repayments and distribute loans and control that the loans are being used for given purpose. As a result, MFIs charge interest rates that sound higher. Microcredit is the provision of cash and in kind loans in smaller amounts to micro, and small enterprises meant to improve their business operation. The microcredit loan cycles are usually shorter than traditional commercial loans with terms from typically 6 months to one year with repayment schedule being weekly or forth nightly. The shorter loan cycles and weekly payments help the borrowers to stay current and not become surprised by larger payments. In order to be able to lend out money, MFIs must in addition borrow from the traditional finance sector with commercial perspectives. There is always about 1-2% loss on loans due to payment default.

Data from the micro Banking Bulletin reports that 63of the world's top MFIs had an average rate of return, after adjusting for inflation and taking out subsidized programmes of about 2.5% of total assets. This indicated microfinance can be sufficiently attractive for investors and those in the retail banking sector. The income generating loan is used for a variety of activities that generate income for their families. Loans are paid in 50 equal, weekly installments. After completion of a loan cycle, the client can submit loan application for a future loan. The mid-term loan (MTL) is available to clients after 25 weeks of repayment of IGL. A client is eligible for a MTL if the client has not taken the

maximum amount of the IGL. The residual amount can be taken as a MTL. The terms and conditions of the MTL are otherwise exactly the same as IGL. The emergency loan is available to all clients over the course of a fiscal year. The loan is interest free and the amount and repayment terms are agreed upon by the MFI and client on a case by case basis. The amount is small compared to IGL and is only given in times of dire need to meet expenses such as funerals, hospital bill, prenatal care and other crisis situations. There is also the group lending where individuals in a group are given loans in the name of the group. The members monitor themselves to ensure that all members use the money for the purpose it was taken. They also ensure prompt repayment and in default by any member, the group is held responsible for it.

The individual's loan is designed for clients who have specific needs beyond the group lending model. There are usually restrictions regarding what the money should be used for. Micro savings – a possibility to save money without minimum balance, it allows people to retain money for future use or for unexpected costs. Micro insurance gives the entrepreneurs the chance to focus more on their core business which drastically reduces the risk affecting their property, health and working possibilities. There are different types of insurance services like life insurance, health insurance, property insurance and disability insurance. The range of services in this sphere is constantly expanded as schemes and terms of providing insurance services are determined by each company individually. Micro leasing enables entrepreneurs of small business who cannot afford to buy at full cost can instead lease equipment, agricultural machinery or vehicles. Money transfer is another microfinance product, a service for transferring money, mainly overseas to family or friends. Money transfer without opening current accounts are



performed by a number of commercial banks through international money transfer systems such as Western Union, money grams and Anelik.

In Bangladesh, as in many other developing countries, subsidized rural credit offered by government banks laid the basis for its rural credit policy. It did not work. Repayment rates were low and loans (or forgiveness of past loans) were often used for political reasons, undercutting the effects of the policy.

In 1973, ACCION International, a Peace Corps-like group started to switch their focus toward providing economic opportunity to poor people instead of working on construction/infrastructure projects in order to create lasting improvements in the lives of those they were helping. Their plan first appeared in Recife, Brazil in 1973 when ACCION staff began to offer microloans to poor people eager to start small businesses. ACCION offered an exciting alternative to the under-served population that were ineligible for traditional loans and wanted to avoid the exploitive lending practices of loan sharks.

Within four years, the experiment had shown its success in having provided 885 loans with a repayment rate of over 90%. The loans also helped to create or stabilize 1,386 new jobs. This success in making a lasting impact in peoples' lives, as contrasted with the previous projects steered ACCION firmly in the direction of being a microfinance organization. Since this modest beginning ACCION has expanded its micro lending operation to countries throughout South and Central America, the United States, Africa and India.

ACCION claims (and recorded dates seem to indicate) that these loans were the first modern pioneers of microcredit. Around the same time as ACCION's experiment, and apparently independently, Mohammed Yunus a U.S.-educated professor of economics started a similar experiment. In 1974 during a famine in his native Bangladesh, Yunus discovered that very small loans could make a significant difference in a poor person's ability to survive, but that traditional banks were not interested in making tiny loans to poor people, who were considered poor repayment risks. His first loan consisted of \$27 from his own pocket which he lent to 42 people including a woman who made bamboo furniture, which she sold to support herself and her family. In 1976 Mohammed Yunus founded Grameen Bank to make loans available to poor Bangladeshis. Since then the Grameen Bank has issued more than \$5 billion in loans to several million borrowers, at the close of 2005, the number of outstanding loans was more than \$4 billion. To ensure repayment, the bank uses a system of 'Solidarity groups', small informal groups, nearly all of them exclusively female, that meet weekly in their villages to conduct business with representatives of the bank, and who support one and other's efforts at economic self-advancement. As it has grown, the Grameen Bank has also developed other systems of alternate credit that serve the poor. In addition to microcredit, it offers housing loans as well as financing for fisheries and irrigation projects, venture capital, textiles, and other activities, along with other banking services such as savings (Ray, 1998). The central feature of the Bank's lending policy is that in the event of a default, no group member is allowed to borrow again. This means that a group has to be formed very carefully by the individuals to weed out bad borrowers who could jeopardize the credit worthiness of the group as a whole. This will also ensure peer monitoring. The participatory nature of the

Bank's projects together with emphasis on women entrepreneurs and empowerment creation have raised hopes of reducing poverty through this approach.

The success of the Grameen model has inspired similar efforts throughout the developing world and even in industrialized nations including the United States. Many, but not all, microcredit projects also emulate its emphasis on lending specifically to women. Close to 96 percent of Grameen loans have gone to women (Ray, 1998), who have been found to be much more likely than men to repay loans and to devote their earnings to serving the needs of the entire family. Originally the program started with men and women, but later focused on women when data showed a dramatically lower credit risk in women. Average repayment rates are over 97% (Ray, 1998).

As a result UN has committed through its agencies to support microfinance institutions (MFIs) in developing countries such as Ghana (UN report, 1998, 2000). It has, therefore, advised governments of developing countries to support MFIs in their respective countries. The main objective of microfinance scheme is to provide opportunity for micro entrepreneurs to access financial services which would otherwise not possible under traditional banking system. It provides the opportunity for the poor to access credit without collateral security, savings and entrepreneurial training. In other words the poor also need access to productive resources with financial services being a key resource. Microfinance can have significant impact on cross-cutting issues such as women empower thereby promoting gender equity (Mayoux, 2006).

## **2.4 Impact of Microfinance on Women Empowerment**

Many studies and some authorities have concluded that micro finance schemes embarked in many developing countries have yielded positive results (Ray, 1998). It is against this background that United Nations Capital Development Fund has been established as the channel for UNDP to fund microfinance interventions. Many micro credit programmes have targeted one of the most vulnerable groups in society-women who live in households which own little or no assets by providing opportunities for self-employment. Many studies have concluded that microfinance products have significantly improved the economic standing of the poor as well as increasing women's security, autonomy, self-confidence and status within households (UN report, 1998, 2000).

Such studies recommend that if micro-credit is to play a strong role in development then certain requirements need to be fulfilled. The most crucial requirement is to perceive micro-credit lending as part of a comprehensive programme of support to small scale enterprise sector, the consultative group to assist the poor (CGAP) estimates that the sector already employs 500 million of the poor. It constitutes an active base for strengthening the private sector in developing countries. This would entail governments of developing countries (Ghana inclusive) formulating plans and programmes to support small enterprises of which microcredit should be an integral part.

Newberry (2008) also perceives micro finance in a rather uncertain term. Microfinance, the practice of providing financial services to the poor is not necessarily going to increase a country's economic growth rate. He sums up his view in this way "Microfinance is the practice of providing financial services to the poor which is a great thing in and of it. Then again I have failed to see a study that proves that there is a linkage between



macroeconomic growth of a country and the provision of financial services to the poor. So my conclusion at this point is that microfinance is weakly associated with macroeconomic growth. It is just one factor; it is not necessarily going to cause a country's GDP to increase. It has to be accompanied by things like good governance, infrastructure, and transparency in economics and all sorts of other things that microfinance cannot in and of itself bring about". In another development, when Omidyar Network (a philanthropic investment firm established by Pierre and Pam Omidyar) participated in the Units Leadership Summit in 2007 in the Philippines the founders of the network indicated that they were impressed by the energy and enthusiasm with which units and its partners were extending the reach of micro finance and transforming the lives of the poor. Mr. Matt Bannick, managing partner of the Network said "when we look at the incredible results that Units and its partners have achieved over the past six years, we are thrilled to continue to support, scale and champion these innovative organizations as they seek to maximize social impact". All these are indications of real impact of microfinance. Microfinance now finds itself at a reflection point. On one hand, there have been calls for microfinance not to profit off the backs of the poor.

On the other hand those who know microfinance realize that it can't scale from 100 million clients today to its potential market of 4 billion without the capital markets and the formality capital markets require (Katz, 2008). A microfinance Research symposium was organized by FINCA International, at Georgetown University. FINCA is a non-profit microfinance institution founded in 1984. Its first project was to create a group lending system-a village Bank in Bolivia. The success of this enterprise led to the growth of an extensive franchise network of these villages Banks which now spans 21 countries and

serves over 700, 000 clients. Microcredit changed Shobi Rani's Life, an impoverished Yorghurt seller at Bangladesh, three months after Rani receive a loan of 500 Euros form the Grameen Bank to start her little enterprise. The Bank has helped many of such people and has won the 2006 Nobel peace prize for executing the microcredit mantra: giving the poor a helping hand, now called the banker of the poor. But the situation is far from rosy in Kalihati, one of the first Bangladeshi villages to benefit from the Grameen's low interest credit scheme. The villagers who took the loans were unable to reimburse their credit and claimed they were harassed by the Bank's representatives (Noguera, 2008).

It should be noted that although a large number of studies under taken so far on the impact of microcredit programmes on household incomes show that participants of such programmes usually have higher and more stable incomes than they did before joining the programmes. Some practitioners still have reservations about the findings of those studies. Moreover, not many microcredit programmes can afford to undertake impact assessments because they are generally expensive and time-consuming. There are serious disagreements among experts on the validity of methodologies used in some of the published studies. Some studies show that there are limit to the use of credit as an instrument for poverty eradication, including difficulties in identifying the poor and targeting credit to reach the poorest of the poor. Again the poorest of the poor are usually not in a position to undertake economic activities partly because they lack business skills and even the motivation for business. Furthermore, it is not clear if the extent to which microcredit has spread or can potentially spread, can make a major dent in global poverty (UN report, 1998).



Thus, however, effective the role of microfinance organizations in providing financial service to the poor, they cannot substitute for broader policies to promote pro-poor economic growth, and equitable social development. Microfinance may at most provide safety net for the poor rather than a ladder out of poverty (Hye, 1993, Kabeer, 2005). A study by Norwood, (2005) about the effects of microcredit in Ghana found that it has no real impact on empowering the poor. Sobhan, (2005), asserts that poverty will not be eradicated in any country by funneling billions of dollars to myriads of micro-programmes designed to provide micro-credit to the poor to survive in the informal economy. He refers to such interventions as penny packet approach to poverty which is obvious of the injustices of the social order which create poverty. According to Sobhan by its very nature microcredit can never aspire to eradicate poverty since it only addresses a component of the various markets which condition the lives of the poor. Providing micro-finance services to marginal clients is a complex process that requires very different kinds of skills and functions. This may require more than one institution. Understanding how the process of financial and social intermediation takes place require systems analysis rather than a simple institution analysis. Within the system framework there are four broad categories of services that may be providing to micro-finance clients. Financial intermediation- this is the provision of financial products and services such as saving, credit, insurance, credit card, and payment services. Social intermediation-this is the process of building the human and social capital required by sustainable financial intermediation for the poor. Enterprise development services-these are non-financial services that assist micro-entrepreneurs. These include: business training, marketing and

technology services, skills development and sub-sector analysis. Social services- these include: education, health and nutrition and literacy training.

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## **2.5 The need for Microfinance Products to target Women Enterprise**

Microfinance programmes not only give women and men access to savings and credit but also reach millions of people worldwide bringing them together regularly in organized groups. Although no magic bullet, micro finance programmes are significant contributions to gender equality and women's empowerment as well as pro-poor development and Civil Society strengthening (Mayoux, 2006). She further reiterates that through their contribution to women's ability to earn an income, these programmes have potential to initiate a series of virtuous spirals of economic empowerment, increased well being for women and their families and a wider social and political empowerment. Targeting women became a major plank of donor poverty alleviation and gender strategies in the 1990s.

Observation and empirical research finding is that few women are in the formal sector employment. On the contrary, many women are absorbed in the informal sector employment and some research findings state that about 91% of Ghanaian women are self-employed ((Fosu-Mensah, 2003). The attractiveness of the informal sector is due to its flexible entry requirements, attitudes and cultural norms. They do not need to produce

any educational certificate and working hours are flexible. It has again revealed that many women find it difficult to get their enterprises sustained and besides, many who have the potential to start such businesses find it difficult to access credit (UN report 1998). Many occasions they have to rely on money-lenders, pawn brokers, and credit associations, friends, relatives, suppliers and shopkeepers for a start-up. While these avenues offer flexibility of access, repayment schedules can be costly and discriminatory. Very often borrowers are unable to pay back debts and end-up having to sell their small holdings, household goods and personal belonging and join the poor and the deprived women (Fosu-Mensah, 2003). Fosu-Mensah, further cited, ILO (1998) as saying that recent studies in Philippines, Bangladesh, Trinidad and Tobago have confirmed the lack of capital especially in the start-up period as the problem most often mentioned by women entrepreneurs. The study also reveals that formal financial institutions have been less receptive to female entrepreneurs. The collateral requirements, disbursements procedure, the time and resources necessary to visit the banks and the discriminatory banking culture virtually exclude women clients.

A study by Carter and Cannon (1992) on women has also revealed that women have problems raising start-up for business than men and that women encounter credibility problems when dealing with bankers. Similarly, the 'Women Entrepreneurs' summit hosted by the Organization for Economic Cooperation and Development (OECD) held in 1997, accessibility to credit facilities was raised as a problem for the promotion of women entrepreneurship and business advancement. Thus, supplying credits to small and micro-enterprises is important for the reasons that: First, it has to do with market imperfection where banks do not favour lending to small enterprises. In offering credit to

small enterprises, market imperfection will thus be minimized since banks will now favour lending to small enterprises especially, women in the promotion of gender equity (Fosu-Mensah, 2003). Again, they favour the development of private sector, the promotion of women and the implementation of community development by private initiative and they help to reduce poverty and contribute to a fairer income distribution.

In a workshop held in Dares salaam, 1997, the participants observed that many women suffer human rights abuse because of their economic weakness. Ms Nambuo added that it is often a product of their comparative lack of educational opportunities so reinforcing their women's rights might include challenging traditions, ensuring that education is available, providing legal help and making business capital available (Commonwealth report, 2001). Increasing evidence shows that not only women are overrepresented among the poorest people but are also more likely than men to spend their incomes on the welfare of children and dependents. Therefore, poverty reduction programmes which target women are likely to be more effective. Again, there is much evidence that in microfinance there is higher repayment and savings discipline among women than men. Empowering women is the second stated goal of microcredit summit campaign. There is also evidence of significant potential for microfinance to enable women to challenge and change gender inequalities at all levels. There is now the growing need to rethink the best practices to ensure that women have equal access to all types of financial services (Mayoux, 2006).

## **2.6 Microfinance in Ghana: The Evolution**

Microfinance, small financial transactions with low-income households and micro enterprises both urban and rural, is using non-standard methodologies such as character-based lending, group guarantees and short-term repeat loans (Steel et al, 2003). Indeed, the concept of microfinance is not new in Ghana. There has always been the tradition of people saving and / or taking small loans from individuals and groups within the context of self-help to start business or farming ventures. Available evidence suggests that the first credit union in Africa was established in Northern Ghana in 1955 by Canadian Catholic missionaries. However, “Susu” one of the microfinance schemes in Ghana is thought to have originated from Nigeria and trickled down to Ghana in the early twentieth century (Asiamah et al, 2007). Over the years microfinance sector has thrived and evolved into its current state. Thanks to the various financial sector policies and programmes under taken by different governments since independence. These include: Provision of subsidized credit in the 1950s.

- The establishment of agricultural Development Bank in 1965 specifically to address the financial needs of fisheries and agricultural sector.
- Establishment of rural and community banks (RCBs ) and the introduction of regulations such as commercial banks being required to set aside 20% of the total portfolio, to promote lending to agriculture and small scale industries in the 1970s and early 1980s.
- Shifting from a restrictive financial sector regime to a liberalized regime in 1986.

Promulgation of PNDCL 328 in 1991 to allow the establishment of different categories of non-bank financial institutions (NBFLs), including savings and loans companies and



Credit Unions (Asiama et al, 2007). The potential of microfinance to reach large numbers of the poor is now well understood (Robinson, 2001; steel et al, 2003). Diversity of rural microfinance institutions (RMFIs) and products are facilitated by a flexible regulatory environment in which they can develop innovative methodologies for reaching different market niches not served by commercial banks. The financial system in Ghana falls under three main categories; formal, semi- formal and informal. The formal financial institutions are those that are incorporated under companies code 1963 (Act 179) which gives them the legal identify as limited liability companies and subsequently licensed by the bank of Ghana under either the Banking law 1989 (PNDCL 225) or the financial institutions (Non-Banking) law 1993 (PNDCL 328) to provide financial services under Bank of Ghana regulation. The Rural and community Bank (RCBs) operates as commercial banks except that they cannot undertake foreign exchange operations. Among the nine specified categories of non-banking financial institutions the savings and loans companies which are restricted to a limited range of services, are most active in micro and small-scale financial intermediation using microfinance methodologies (Steel et al, 2003)

NGOs and credit Unions (CUs) are considered to be the semi-formal system. They are formally registered but are not license by the Bank of Ghana. NGOs are incorporated as companies limited by guarantee (not for profit) under the companies' code. Their poverty focus leads them to penetrate to the poor clients using micro finance methodologies. They are not licensed to take deposits from the public and hence have to use external (usually donors) funds for microcredit. The informal financial system covers a range of activities called “Susu” including individual savings collectors, rotating savings and credit

associations, and savings and credit clubs ran by an operator. It also includes money lenders, trade creditors, self-help groups and personal loans from friends and relatives. Money lenders are supposed to be licensed by the police under money lender ordinance 1957. To one school of thought the proliferation of microfinance institutions and activities are only a sham and exploitative. However, others such as Littlefield and others believe that these institutions play a messianic role in poverty alleviation struggle (Asiamah, et al 2007).

Nevertheless at some point in the sector's evolution, in the growth of a successful RMFI, in the willingness of investors to enter these niches, regulations were made appropriate to facilitate commercialization and sustainability of the RMF industry (especially through the mobilization of savings from the public) and to ensure the stability of financial system as well as protect deposits. Ghana is particularly interesting because it has evolved a tiered system of different laws and regulations for different types of institutions, largely in response to local conditions, needs and institutional developments. The resulting system resembles the tiered approach recommended by the World Bank's 1999 study of microfinance regulation from the view point of a regulator trying to assess the characteristics of MFIs (Steel et al 2003.)

These authors further indicated that Ghana has focused on poverty reduction as a core of its development strategy. This approach was galvanized in 1995 with launching of the first version of Ghana Vision 2020 initiation of institutional arrangements to promote and analyze poverty reduction. The government prepared a development strategy for poverty reduction in 2000 and has since prepared the Ghana poverty reduction strategy 2002-

2004; an agenda for growth and prosperity. Poverty in Ghana has reduced from 51% in 1991-92 to about 43% of the population living below the poverty line in 1998, although the average consumption level of the poor in Ghana is about 30% below this level (steel et al 2003). The overall policy framework for microfinance is informed by the poverty reduction strategy which seeks to balance growth and macroeconomic stability with human development and empowerment in such a way as to positively reduce the country's poverty levels in the medium terms. The overall strategy emphasizes the reduction of inflation and the need to sharply reduce the fiscal deficit as a key step to reduce the extent of the public sector's crowding out of the private sector in the financial markets and to help lower interest rates. A Microfinance strategy paper was prepared through a consultative process in 2000, but was never taken up by cabinet before a change of government. The poverty focus has led the new regime to expand, direct, subsidize credit programmes that are consistent with best the practices in microfinance and tend to undermine development of the industry (Steel, et al, 2003).

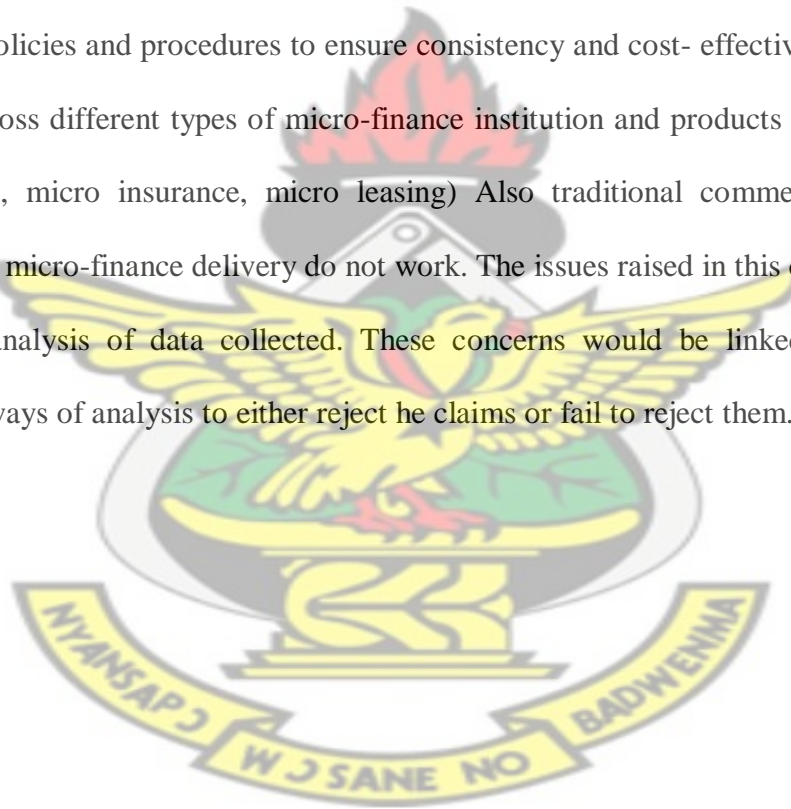
In terms of regulatory framework, rural and community banks are regulated under the Banking Act 2004 (Act 673), while the saving and loans companies are currently regulated under the Non-Bank Financial Institutions (NBFI) Law 1993 (PNDCL, 328). The regulatory framework for Credit Unions is now being prepared which will recognize their dual nature as cooperatives and as financial institutions. The rest of the players such as, Financial Non-Governmental Organizations (FNGOs), rotating savings and credit associations (ROSCAS) and others do not have legal and regulatory frameworks (Steel et al, 2003). Programmes currently addressing the sub-sector in Ghana include the financial sector improvement project, financial sector strategic plan (FINSSP), the rural financial

services project (RFSP), the United Nations Development Programme (UNDP), microfinance project, the social investment fund, the community based rural development programme, rural enterprise project (REP) and Agricultural services investment project.

Microfinance institutions in Ghana include, the rural and community banks, savings and loans companies, Financial NGOs, primary societies of credit union Association, Ghana “Susu” Collectors Associations, development and commercial Banks with microfinance programs and linkage, micro-insurance and micro-leasing services. There are also microfinance Apex bodies such as Association of Rural Banks (ARB) Apex Bank, Association of financial NGOs, Ghana Cooperative credit unions Association and Ghana cooperative “Susu” collectors Association. Supporting institutions are microfinance and small loans centre (MASLOC), The Ghana microfinance institutions network (GHAMFIN), Development partners and international NGOs and universities, training and research institution. Government institutions which are supporting microfinance are Ministry of Finance and Economic Planning, Ministries, Departments, Agencies (MDA) Metropolitan, Municipal and District Assemblies as well as the Banks. According to Simanowitz et al (2004) as cited in Asiama, (2007), micro credit is a key strategy in reaching the MDGs and it builds global financial systems that meet the needs of the poor people. Littlefield et al (2003) also believe that microfinance is unique among development interventions: it can deliver social benefits on an ongoing, permanent basis and on a large scale. However, some schools of thought doubt this role of microfinance while acknowledging the role micro credit can play in helping to reduce poverty, Hulm and Mosley concluded from their research on micro-credit that contemporary schemes are less effective than they might be. They further argued that micro credit for that matter

microfinance is not a panacea for poverty alleviation and that in some cases the poorest people have been made worse- off (Asiamah, 2007)

They believe that there is paucity of information on microfinance institutions, their operations and clients in Ghana. Approaches to and the methodology for data collection are not uniform making it difficult to centrally monitor the progress of the sub sector, they also believe that there is a problem with the regulation and supervision. There is the need to dialogue on the formulation implementation and review of regulations and supervisory policies and procedures to ensure consistency and cost- effective approach to regulation across different types of micro-finance institution and products (Micro credit, micro-savings, micro insurance, micro leasing) Also traditional commercial banking approaches to micro-finance delivery do not work. The issues raised in this chapter would help in the analysis of data collected. These concerns would be linked to the data collected by ways of analysis to either reject he claims or fail to reject them.





## CHAPTER THREE

### METHODOLOGY

#### 3.1 Introduction

This chapter deals with the research design. It therefore examines the ethical considerations adapted to gather information for the study. It focuses on the study area, methods of data collection and sampling techniques and procedure. The rest are pretesting and data processing as well as other methods used in the study.

#### 3.2 Study Area

A study of this nature as a matter of fact should have covered the entire country. The importance of microfinance as a tool for poverty reduction is such important that it deserves a nationwide study. However, time constraints and the fact that most women in the district engage in petty trading as a result of the construction of the Akosombo dam which has deprived the indigenes of their farm land make it possible to limit the study to the Asuogyaman District of the Eastern Region. Asuogyaman District was purposively selected because of its importance to the nation as the country derives its energy needs from there and also the nature of businesses the people especially women engage in as a result of the construction of the Akosombo Dam. Having taken all these factors into consideration it is likely that the result of this study would be valid and reliable.

#### 3.3 The Sample Size

The sample size is necessary for this study just as it is in others because it is impossible to have the entire population as research respondent. Therefore the researcher used a sample size of one hundred and fifty (150).

### **3.4 Target Population**

The population of interest comprises all micro/medium women entrepreneurs. They must engage in any form of economic activities for which they have accessed any microfinance products.

### **3.5 Source of Data**

Information was gathered from only primary sources. The sources involved the collection of data from persons believed to have the requisite information. These sources included the one hundred and fifty respondents from ten communities in the district whose views were quantitatively tapped and three key informants whose views were qualitatively collected. These three key informants were, the manager of Hydro Credit Co-operative Union, the managers of Asuogyaman and Anum Rural Banks.

### **3.6 Methods of data collection.**

Qualitative and quantitative data collection methods were used. In this case triangulated research methods were used. Methods were combined so that the strength of one method overcomes the weakness of the other method. In the case of the qualitative data collection, key informants' interview was used to elicit information from key members in microfinance and small scale enterprise. These included three key informants mentioned earlier on and two female micro entrepreneurs who benefitted from microfinance. Quantitative data collection method used in the field work was survey or by administering questionnaire. This instrument contained open and close ended questions.

Ethical consideration was given the necessary attention so as to avoid personal questions which could be embarrassing to the respondents. This also ensured that the rights of the respondents were taken care of. As a result respondents were not forced to answer any question against their will. Permission was also sought to gain access to these respondents. The permission was obtained from the microfinance institutions who in turn informed their clients who happened to form the study group.

### **3.7 Pretesting**

After designing the questionnaire, a pretest of this instrument was carried on people with similar characteristics with that of the sample units. They included 10 women entrepreneurs who have benefitted from microfinance at Mangoase. This was done to determine the validity and reliability of the questionnaire. As a result certain questions were removed whilst others were added.

### **3.8 Sampling Procedure**

The population of interest of this study is the women micro entrepreneurs who have benefitted from microfinance of any kind, given the sensitive nature and perhaps the fact that many of the microfinance institutions target groups, certain areas were covered. Microfinance institutions such as Asuogyaman Rural Bank, Hydro Credit Union and Anum Rural bank were consulted for a list of their respective clients. The sampling frame was developed out of the list. And to avoid concentration of the study on particular areas and neglect others, two separate sampling frames were developed. These were developed based on the number of groups given to us. Out of these sampling frames one hundred respondents were selected through simple random non replacement sampling for the study. In the case of the selection of the key informants for interview, snowballing

technique was used, by this technique, the team identified the manager of Asuogyaman Rural Bank and through him other members were contacted.

### **3.9 Questionnaire Administration**

Face-to-face interviewing technique was used to collect the data. This method was used because of the busy nature of the respondents and the technical nature of the questionnaire. It also ensured a high response and completion rate. To ensure effective administration and observation of ethical values, two assistants were recruited. They were trained on the correct interpretation of the questions in twi, krobo and ewe since these three languages dominate in the district. They were also taught how to present themselves and the study to the respondents. As a result they collected the data without or with little difficulty

### **3.10 Data Handling**

The data from the quantitative survey was edited, coded and fed onto the computer for processing. Using the statistical package for the social sciences (SPSS) programme the data was grouped using frequency distribution tables to provide a picturesque presentation of the data. However, the data gathered from key informants' interview was subjected to content analysis after the recorded discussions had been transcribed.

## **CHAPTER FOUR**

### **DATA ANALYSIS, FINDINGS AND DISCUSSIONS**

## **4.0 Introduction**

This chapter is devoted to the presentation and analysis of the data obtained from the field. This helped the researcher to make comparisons of variables, use frequencies, percentages and charts to derive the right perceptions and realities regarding microfinance in the Asuogyaman District in the Eastern Region.

The first part of the analysis is limited to the socio-demographic characteristics of the respondents. Consideration was given to these factors because of the influence they have on the social life of individuals especially those in the microfinance world. Socio-demographic variables analyzed included age, marital status, educational attainment, number of children etc. The subsequent part deals with the analysis of the views of the respondents on microfinance. This part was analyzed and organized in relation to the objectives of the study.

### **4.1 Socio-Demographic characteristics of respondents**

#### **4.1.1 Sex and Age**

Sex is a very important factor to consider when conducting research into micro financing. It is important because the area basically serves the interest of the informal sector dependents. These are mostly women. Given the nature of the research topic, the target group was women who had benefitted from microfinance. As such the respondents were mainly women apart from the few male key informants. In all 150 female respondents were selected for the study. In Ghana and perhaps in many developing countries, gender equality in the distribution of benefits is yet to be possible. According to Jones et al, (2004: 330) “ a widespread stereotype of women is that they are nurturing, supportive and concerned with interpersonal relations”. In the light of these most corporate bodies



such as microfinance institutions more tend to target women. Microfinance institutions more often than not delight in transacting business with women because of their credit worthiness (Mayoux, 2006). It is against this background that unisex (female) was used in the survey. This afforded the researcher the opportunity to examine how microfinance as poverty reduction strategy targets the vulnerable group,-women. This helped the researcher to achieve the objective on whether there are any specific packages for women enterprises.

As regards the age distribution of the respondents they were within the age range of 20 to 50 plus. This was done in order to solicit information from a wide range of people based on their age. The data showed that majority of the respondents interviewed fell within the age group of 30 -39 years (modal age group) with a frequency of 50, representing 54.3% of the total respondents. The ages of the respondents are depicted in the table below

**Table 1: Age of respondents**

Age (Years)	Frequency	Percentage (%)
Below 20	5	3.3
20 – 29	29	19.3
30 – 39	82	54.7
40 – 49	26	17.4
50 +	8	5.3
Total	150	100

**Sources : Researcher's Fieldwork**

A cursory observation of the age distribution of the respondents shows that 77.3% of the respondents were youth (below 40years) while 22.7% were 40 years and above. This was not a coincident but an indication of the young women's interest in engaging in income generating activities to earn their livelihood. It also showed the preparedness of young ladies to access microfinance product.

#### **4.1.2 Marital Status and Number of Children**

Like age and sex, one's interaction with others and access to poverty reduction interventions such as microfinance are functions of marital status of the individual. The culture of Ghanaians is such that the husband must control every activity in the household. This includes accessing microfinance products because in the event of defaults the husband must pay. As a result, most married women would not dabble in microfinance activities. However, those who are not married and those who would like to be independent may opt for these products which would make them self-sufficient. It is in response to these variations that marital status was included as a variable to examine. It was also meant to assess the impact of marriage on micro financing. For instance, Merger (2005) maintains that the slower advancement of women in the corporate world is a function of family roles (Merger, 2005: 306) and that there must be in place androgynous roles (roles that disregard gender division of labour) to make women independent

**Table 2: Marital status of respondents**

STATUS	FREQUENCY	PERCENTAGE
Married	62	41.3
Unmarried	38	25.4
Divorced	24	16.0
Widowed	26	17.3
Total	150	100

**Source: Researcher's Fieldwork**

A critical look at the figures in Table 2 shows that 62(41.3%) of those interviewed were married, 24(16.0%) divorced, 38(25.4%) unmarried and 26 (17.3%) widowed. Even though 41.3% of the respondents were married as against 25.4% who were not married, this situation does not take away the fact that a lot of the respondents were without husbands. This is inferred from the table above where 58.7% of those interviewed did not have husbands. Perhaps a quotation from Merger (2005: 302) would help explain why majority of the respondents were without husbands. Traditionally, women have been expected to perform household duties centering on child rearing and domestic functions. Men, on the other hand have been expected to leave the home to work, with the primary responsibility for supporting the family economically and protecting its members – men exercise supervisory roles over the women (emphasis added). It can be deduced from the statement that men would always exercise their control over their wives to perform certain roles and not to perform others. This might account for a large number of these micro entrepreneurs not having husbands since they can take their own decisions, only if

they are single. As a result of being single they are able to focus on their enterprises without any male control.

Childbirth is one of the most cherished values in Ghana and people are regarded as being responsible and adults when they have children. Most women in Ghana would like to take credit and work harder if they have children to take care of. Women are likely to spend their incomes on their families and would like to take micro credit and use it for the sake of their children. So the number of children a woman has can influence the way she puts to use micro credits, her seriousness to raise enough money to pay back the loan and to have enough to keep the family going (UN report 1998, Mayoux 2006).

As mentioned earlier, having a child or children motivates women to access micro credit to enhance their income generating activities. This is meant to help them generate enough money to support the family. To some extent, having children determines the utilization of microfinance product(s) that an individual has accessed. Some women would tend to use it (them) to solve family problems instead of investment. It is for this reason and many others that number of children of the micro entrepreneurs was a necessary variable to include for analysis. The number of children of the respondents is graphically represented in the figure below.

**Table 3: Number of children**

Number of Children	Frequency	Percentage (%)
1 – 2	38	25.3
3 – 4	73	48.7

5 – 6	23	15.3
7 and above	10	6.7
No child	6	4.0
Total	150	100

**Source: Researcher's Fieldwork**

From the Table 3, it is observed that as many as 48.7% of the micro entrepreneurs interviewed had between 3 to 4 children whereas 25.3% had 1 to 2 children and 6.7% and 4.0% had 7 or more and no child respectively. It is concluded that about 96.0% of those interviewed were mothers of at least a child. This demonstrates the social impact of microfinance on Ghanaian societies.

#### **4.1.3 Educational Attainment and enterprise engaged in**

It is said that education throughout the world has become a vast and complex social institution that prepares citizens for the role demanded by other social institutions such as family, government, economy, health etc. Students learn far more about their society at school than what is included in the curriculum (Schaefer, 2005). The statement indicates that the level of education of an individual influence his /her ability to function effectively in a particular sector of the economy. As to whether microfinance would be useful or not depend on the level of education of the individual. Therefore, the level of education of microfinance supported entrepreneurs is an important variable to consider

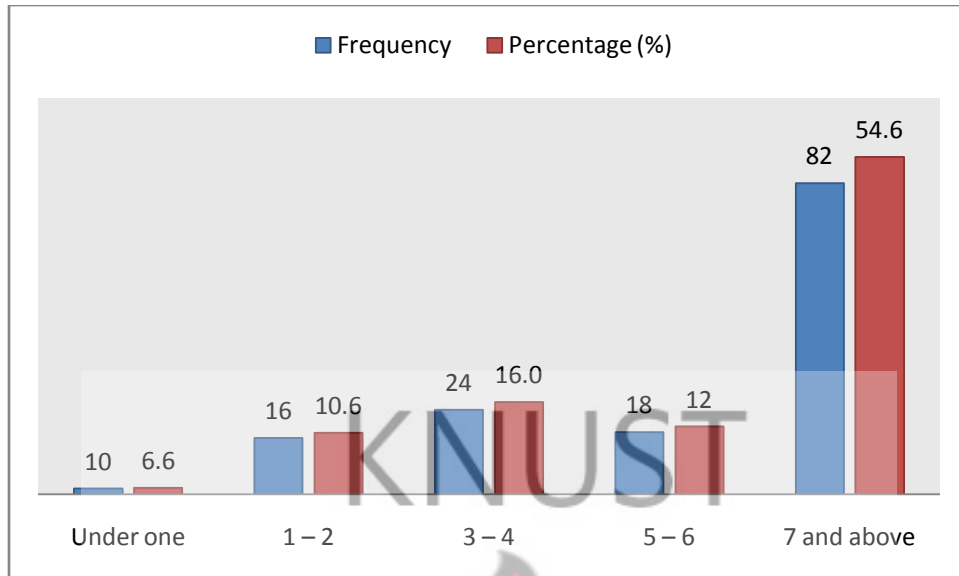


when examining the impact of microfinance. Again, Asiamah et al (2007) mentioned that micro enterprises are dominated by people with little or no education. The level of education also to some extent determines the kind of micro enterprise one can engage in. The situation on the ground seems to support the assertion that a great number of people who engage in micro businesses are basically illiterates or have low level of education. Majority of the respondents had basic education and perhaps this accounted for why majority of them were into petty trading and did not keep proper books of accounts of their businesses. They formed 47.8% of the total respondents. Those who claimed to have no education at all accounted for 34.8% whereas professionals, those with tertiary education, senior high and others accounted for the rest of the 17.4%. In another development, 55.4% of those interviewed engaged in petty trading, whereas 44.6% of the rest engaged in chop bar operation and cooked food industry in general, dressmaking, Hairdressing, selling of building materials or chemicals, auto parts and decorations.

#### **4.1.4 Number of years in the enterprise**

Experience in terms of number of years a person has engaged in a particular enterprise is an important variable in dealing with issues of micro finance. Experienced micro entrepreneurs normally get a good return on capital employed, because they know when, where and how to invest micro credit. This justifies the inclusion of the variable.

**Figure 1: Length of service**



**Source: Researcher's Fieldwork**

As depicted on the figure above, 100 respondents representing 66.6% said that they had been working in the enterprise for more than five years. As a result they were very experienced in their chosen business enterprise. Again 24 representing 16.0% stated that they had been engaged in the business for 3 to 4 years. Sixteen (16) respondents representing 10.6% indicated they had between 1 and 2 years working experience on the business. Only 10 (6.6%) mentioned that they had only one year or less working experience in the enterprise.

#### **4.2 Microfinance Intervention Available to Small Scale Women Enterprise**

This section attempted a discussion of the actual views of the respondents on the subject matter of the study. It was expected that the discussion would lead to the discovering of the real impact of microfinance on small scale enterprises of women in the Asuogyaman District of the Eastern Region. The discussion was done in relation to the views expressed by the respondents, key informants and other opinion leaders. In order to ascertain the impact of micro finance on small scale enterprises of women, it is just logical to find out the micro finance interventions open to women entrepreneurs in the

Asuogyaman District. In view of this respondents were asked to mention microfinance product(s) which they could easily access. In response to this question, 100% of the respondents mentioned micro saving. Out of this 60.9% mentioned micro credit, 5.4% said insurance. For 16.3% indicated payment services. Nobody mentioned credit card as an intervention. This means that it is not popular among female small scale entrepreneurs in the Asuogyaman District.

To these microfinance interventions, a good number 134(89.3%) of the respondents indicated their commitment to keep faith with their respective interventions for reasons that: these microfinance products have helped them to expand their businesses. They had helped them to meet certain social responsibilities in the family. However, those who wanted to back out stated reasons such as high interest rate and inflexible repayment schedule and conditions. To further probe for the loyalty of the respondents to these products, respondents were asked to mention when they started to access the product(s). Majority 62 (41.3%) of them indicated that they started in 2004/2005. In 2001 or below, only 13 people, that is 8.7% claimed they had accessed microfinance product. The table below represents these views.

**TABLE 4: The time respondents started accessing micro product.**

TIME (WHEN)	FREQUENCY	PERCENTAGE
Below 2002	13	8.7
2002-2003	11	7.3
2004-2005	62	41.3
2006-2007	28	18.7
2008-2009	15	10.0

2010-2011	21	14.0
Total	150	100.0

**Source: Researcher's Fieldwork**

From the table, it is observed that majority of the respondents started to benefit from micro financing in 2004 /2005. This sharp increase in the number of women, even men in microfinance can be attributed to the Ghana poverty reduction strategy which sensitizes micro entrepreneurs especially the women on the role of microfinance as poverty reduction strategy. Even though the percentage decreased from 41.3 in 2004 /2005 to 18.7% in 2006/2007, the decrease in the percentage was not worrying. However, from 2008 to 2009 only 15(10.0%) respondents indicated that they accessed the facilities during this time. This trend can also be linked to the global economic meltdown which weakened economic activities during that period. So women entrepreneurs could not gather momentum to go for such facilities.

The figure rose again from 15(10.0) in 2008-2009 to 21(14.0) in 2010-2011 probably due to the reduction in prime rate from 18% in December 2009 to 13% in May 2011. According to some of the key informant such as credit officer of Anum Rural Bank this reflected on their records.

#### **4.3 Specific Packages for Women Enterprises (Entrepreneurs)**

Women are the economically vulnerable group and so poverty reduction strategies and programmes should target them (Mayoux, 2006) .Therefore, for Ghanaian women to be empowered economically, such facilities as microfinance, as a matter of necessity, must have a special package for women entrepreneurs and their enterprises. It was in the interest of this that the section sought the views of respondents as to whether or not a

special package exists for women entrepreneurs and their enterprises. In view of the issues raised earlier respondents were asked to state how they got to know about the existence of the microfinance product they were benefiting from. In responses, 75% of them mentioned that they heard it from friends, 15% said it was through accredited agents (workers) of the institution and 10% said it was heard on media. On the question of the process they go through before accessing micro credit, about 65 respondents representing 43.3% said they were asked to open compulsory savings account and save continuously for six months or save to the tune of at least 10% of the credit they wish to apply for before they could access any loan. However, 73 respondents representing 48.7% said they were asked to form group of ten members and open compulsory savings accounts. Eight (8) representing 5.3% and five (5) accounting for 3.3% said they were asked to provide guarantors and collateral security respectively. Majority were also of the view that they did not provide collateral security however, the savings and the group members served as the security to ensure repayment. When a question was also posed as to whether or not they enjoy special treatment by virtue of their being women entrepreneurs, they responded in the negative. But records in those institution studied showed that majority of the beneficiaries of microfinance products were women and this was not based on any deliberate attempt (package) to support women enterprises.

In a related development about 70% of the respondents mentioned that there were things that they liked about their service providers. In spite of this 30% believed that the provider institution had nothing they liked. And for those who were content with the activities of MFIs, had their reasons as well as those who thought otherwise. Table 4 illustrates these reasons.



**TABLE 5: Reasons for liking or not liking anything about the MFI**

REASONS	FREQUENCY	PERCENTAGE
Effective communication of new development	49	32.7
Flexible repayment	18	12.0
Advice on monetary policies	5	3.3
Training programme	31	20.7
High interest rate	47	31.3
Total	150	100.0

**Source: Researchers Fieldwork**

The table revealed that there was effective communication between service providers (MFI) and customers. This had helped build the image of these institutions. This is why respondents indicated effective communication as something majority of respondents liked most. Respondents accounting for 20.7% mentioned that the training programme organized by these institutions was what they were fascinated about. However, 31.3% of the respondents stated that the high interest rate was something they disliked about the MFIs. These people were likely to include those who indicated that there was nothing they liked about their MFIs. To the remaining 3.3% they like the institution's flexible repayment schedule. In all one could say that majority of the respondents liked one or two things about their service providers (MFIs).

In matters relating to interest rate and whether or not there were some conditions attached to the granting of micro finance products, the respondents were affirmative. They all agreed that some conditions attached to these interventions were inhuman. However, about 4.7% of the respondents claimed the interest rate was manageable; Table five

illustrates some of the conditions attached to these products. The modal condition was group formation which was represented by 48.7% of the total responses. The table below illustrates these responses:

**TABLE 6: Conditions attached to MFI products**

CONDITIONS	FREQUENCY	PERCENTAGE
Group formation	73	48.7
Mandatory savings accounts	65	43.3
Collateral security	5	3.3
Guarantors	7	4.7
Total	150	100.0

**Source: Researcher's Fieldwork**

This condition especially group formation which fortunately is the modal condition has been examined in previous studies. In Ray (1998), Grameen bank grants credit to women group for reasons such as:

1. To use the group as security against other members defaulting.
2. To help members develop team spirit
3. To help members develop leadership skills

These reasons are implied.

Others may argue that this is unfair because except for the purpose of business these people are not related. So it would be unreasonable to guarantee for anyone to take credit. The openings of mandatory savings accounts were mentioned by 65 respondents. The manager of Asuogyaman Rural Bank (MFI) asserted that compulsory saving of 10%

of the credit was meant to ensure the security of the credit at least not to lose all the money. However, it is interest free and refundable. For those who might take other products other than group credits were required to provide collateral security and guarantors. In any case, these conditions, respondents said could be worrying.

#### **4.4 The impact of microfinance interventions on women empowerment.**

In related event, questions were posed to respondents to help determine or measure the real impact of microfinance products on women enterprises. These set of questions were asked because it is one thing giving out MFI products to micro entrepreneurs and another thing having the potential to serve the purpose for which it was given. In respect of this, respondents were expected to state whether loans or credits given them by MFIs were sufficient or not. In response 84.6% of them mentioned that the loans were not sufficient whilst 14.0% mentioned that it was okay for them. The rest were undecided. All the key informants interviewed accepted this view in unison and said that was the usual complaints. Nevertheless, they indicated that issues bordering on credit or loan should be examined. They also mentioned that loans policies in the respective institutions determined whether loans should be increased or not. In most cases loans were increased upon the completion of the cycle (A period of six month). Respondents also indicated their loan would be sufficient if it were increased by two or three times. Nobody mentioned that the loan should be increased by four or five times. This is a clear indication of the candid nature of these respondents in their quest for large loans.

In another development, respondents were asked to tell if the loan have had any effect on their turnover. It was not surprising that about 54.0% of them said yes whilst 32.7% said

it had decreased their output. The remaining 13.3% said it remained the same. However they could not give the percentage increase or decrease because most of them had little or no education. There is no gainsaying the fact that even though majority (54.0%) said the loan had improved their turnover, those who said otherwise remained significant. Following this question was the issues of increased or decreased in profit of the enterprise and whether this has impact on the working capital. In responses to these issues, respondents told a difficult thing to understand, 58.7% mentioned that their profits had increased while 41.3% said their profits had decreased. However, when they were asked to tell if this had increased their working capital since part of the profit could be ploughed back. Majority of them said no, perhaps the profit margin was not wide enough to cater for reinvestment. Only 4.6% claimed they could expand their businesses. Respondents were also posed with question on if they had experienced any improvement in their household welfare (standard of living) after the credit. To this question, 67.3% of the respondents stated their household welfare had been improved. It implies that microfinance has to some extent improved household welfare of some beneficiaries. But 32.7% mentioned that the welfare of their household had not been improved after taken the loan.

**TABLE 7: Illustration of Improvement in Household Welfare**

REASONS ADDUCED FOR IMPROVEMENT IN HOUSEHOLD WELFARE	FREQUENCY	PERCENTAGE
Could buy better cloth than before	2	1.3
Could pay my children's school fees	57	38.0
Afford to pay medical bills/NHIS	20	13.4

Eat a balance diet	15	10.0
Pay water and electricity bills	21	14.0
Can make contribution and donation at church/funerals	8	5.3
No answer/comment	27	18.0
Total	150	100.0

**Source: Researcher's Fieldwork**

This notwithstanding, 38.0% mentioned that they could pay their children's school fees, 13.4% said they could now meet their medical bill or join NHIS. The rest also mentioned that they could eat a balanced diet, pay electricity and water bills as well as make contributions and donations at church/funerals. On the surface these are indications of positive impact of microfinance. This finding supports Little Field and others (2003).

When the respondents were asked to mention if they had benefitted from any training programme organized by their MFIs; they unanimously answered in the affirmative. They claimed they were taught how to manage their businesses, keep records, build team work spirit and leadership roles. The project officer of Anum Rural Bank said the training was organized to ensure that clients put the loan into good use. This would mean a good investment for the institution. It is said that not only do MFIs provide their traditional services but also some social services, they mentioned the following: Education and health and nutrition are implied social services. In that they are not directly rendered by the MFIs studied. As for literacy training, the activities of these institutions have helped some women to learn to write especially the names of their customers.

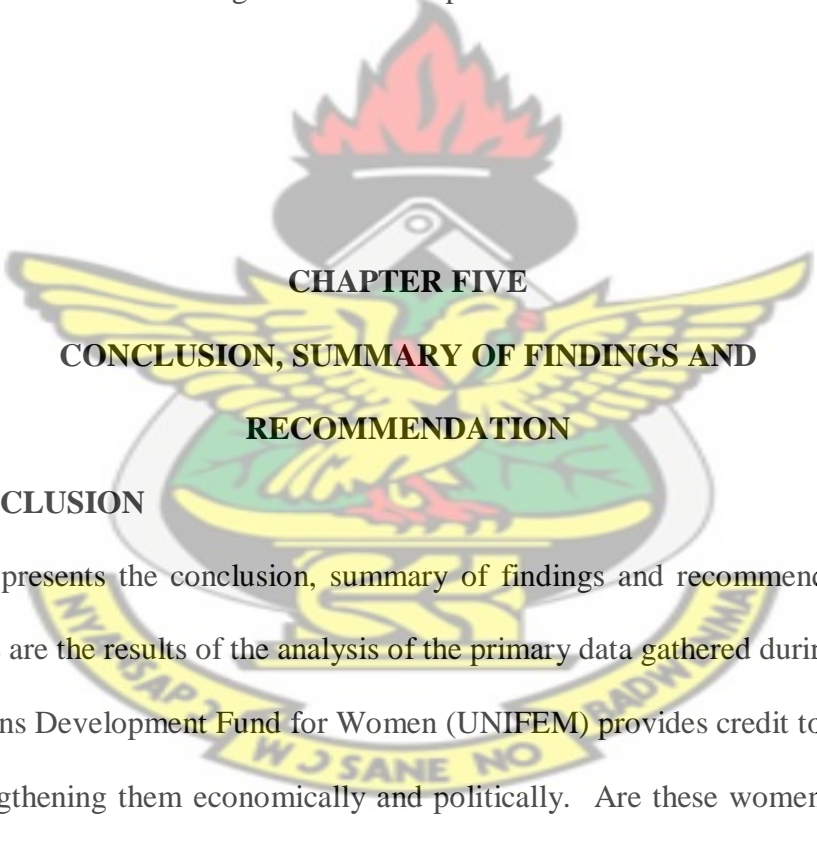


To further probe for the impact of microfinance on women enterprises, certain questions were asked. They were asked to state if the MFI has helped them to improve their business or not. And in connection with that, would they say the MFIs were benefitting at their expense? A good number of the respondents were of the view that microfinance institutions were growing at their expense. This was refuted by some key informants. They however accepted the fact that their interest rate was on the high side which they attributed to banking operations in the country. As many as 68.6%, mentioned that microfinance institutions were benefitting at the expense of the poor. They advanced the following argument; that the interest was high and compounded every six month, the mode of repayment was not flexible and duration for repayment was too short; so many conditions attached to it. Since most of these entrepreneurs are women, their enterprises are likely to suffer. This tends to confirm katz (2008) caution and corroborate the finding of Norwood (2005), that micro credit has no real impact on improving the status of the poor and women enterprises.

Nevertheless 28.7 % of the respondents claimed provider institutions were not growing at their expense whilst 2.7% remained undecided. For those who thought that microfinance institutions were not growing at the expense of the poor also adduced the following reasons. That they had been able to expand their businesses, they had a wide range of customers and they could then buy in bulk.

In the case of the women entrepreneurs, the reason behind a good number of them not being worse off than they started may be attributed to Mohammed Yunus' theory of the awakening of the latent capacities in these women entrepreneurs. This is done through

existence of short term repayment that keeps them on the edge to get the money for the MFIs; it pushes them to work hard to ensure that everything they enter into or items they sell make enough profit to repay the loan. The idea of what is at stake pushes them to work hard. Also the fear of not getting another loan or subsequent larger loans mounts on them and urges them on. The fear of losing dignity before their peers and society and the fear of being harassed and embarrassed should they default are also contributory factors. So it is not the credit per se that improves the economic welfare of women micro entrepreneurs but the awakening of the latent capacities in these women entrepreneurs.

The logo of Kenya National University of Science and Technology (KNUST) is centered in the background. It features a torch with a red flame at the top, a yellow eagle with spread wings in the middle, and a green shield with a red cross at the bottom. A yellow banner with black text is at the base.

## **CHAPTER FIVE**

### **CONCLUSION, SUMMARY OF FINDINGS AND RECOMMENDATION**

#### **5.1 CONCLUSION**

The chapter presents the conclusion, summary of findings and recommendation of the study. These are the results of the analysis of the primary data gathered during the study. United Nations Development Fund for Women (UNIFEM) provides credit to women as a way of strengthening them economically and politically. Are these women empowered socio- politico economically as a result of microfinance services they have benefitted? These issues raise question as to whether the government or financial institutions have some special facilities in place to support women in micro enterprises. The study generally attempted to find out the impact of micro financing on women empowerment in

the Asuogyaman District of the Eastern Region; what mechanisms should be put in place to make microfinance useful to women micro entrepreneurs since the study alleged that micro financing favours provider institutions whilst frustrating women entrepreneurs. According to the review findings of World Bank's 1994 gender policy; the Bank starts by identifying Gender and development (GAD) as its framework, but frequently refers to women as a separate target group rather than identifying women's priorities or needs in terms of men's. The Bank's Policy paper on gender emphasizes the importance of focusing on strong economic arguments showing that women can and must play a role in economic development. All the GAD approaches (empowerment and equality) seek for the economic, social and political empowerment of women.

Asuogyaman District is chosen because of its strategic importance to the nation as well as the influx of petty traders as a result of the construction of the dam which has deprived the indigenes of their farm land. In the case of the qualitative data collection, key informants' interview was used to elicit information from women in microfinance and small scale enterprise. The population of interest of this study is the women micro entrepreneurs who have benefitted from microfinance of any kind, giving the sensitive nature and the fact that many of the microfinance institutions target groups, certain areas were covered. Microfinance institutions such as Hydro Credit Co-operative Union, Asuogyaman and Anum Rural Banks were consulted for the list of their respective clients.

The respondents were mainly women apart from the few male key informants. In all 150 female respondents were selected by means of simple random sampling for the study.

The study examined some demographic variables such as age, level of education and others. Other variables were used in order to ascertain the impact of micro finance on women empowerment in the Asuogyaman District of the Eastern Region.

## **5.2 SUMMARY OF FINDINGS**

The study found out that majority of microfinance supported women entrepreneurs were aged between 30-39 and most of them (41.3%) were married with children. However, 58.7% were without husbands. Those with at least a child constituted about 96%. About 82% of these entrepreneurs had basic or no formal education. And they had been doing that business for five or more years.

Credit card and payment services were not popular. It was also discovered that there was no special microfinance package for women entrepreneurs and their enterprises.

The study also revealed that the inflexible payment schedule coupled with the conditions attached to the granting of credit as well as high interest rate make it impossible for the women to enjoy the full benefit of the microfinance interventions. They therefore believe that microfinance institutions profit at their back. This implies that women entrepreneurs are working for microfinance institutions which they took loans. That notwithstanding, majority of the women said that microfinance has helped them to pay their wards school fees, pay utility bills, eat balance diet, etc thus improving on their standard of living. The study therefore, concluded that even though microfinance to some extent has empowered the women economically; its full benefit is yet to be enjoyed by women entrepreneurs who are basically found in the informal sector.

Another revelation of the study was that micro credit and micro savings were two most popular microfinance products open to women entrepreneurs. Credit card and payment services were not popular. Majority (84%) of the respondents accessed microfinance products from 2004 to date. Many of the entrepreneurs accessed credit between 2004 and 2005. The situation declined drastically in 2008/09 and rose marginally between 2010 and 2011. As a matter of fact there was no special microfinance package for women entrepreneurs and their enterprises. However, they indicated that they were happy with the effective communication between the institution and clients. This did not take away the fact that the interest rate was high and thereby depriving women entrepreneurs of potential capital.

The study also discovered that there were some conditions attached to accessing of these products. These were group formation, opening of mandatory savings account, collateral security, inflexible repayment schedule and guarantors. Beneficiaries thought these conditions were quite worrying. Moreover, the loans granted them were insufficient and that thrice or twice of the amount would suffice.

It also discovered that loans or credit increased output of these women enterprises. However, this increase in output could not be translated into any substantive profit to have any impact on women enterprises.

It was also found that apart from the financial intermediation services provided by the MFIs, they also render social services such as literacy and training as well as building team spirit in these entrepreneurs.



It was also revealed that majority of the women have been able to cater for their families as compared with the time that they had not assessed any microfinance product thus improving their families living standard.

### **5.3 RECOMMENDATION**

In response to the findings of the study, these recommendations are hereby forwarded. Some of them were recommendations made by the women entrepreneurs themselves.

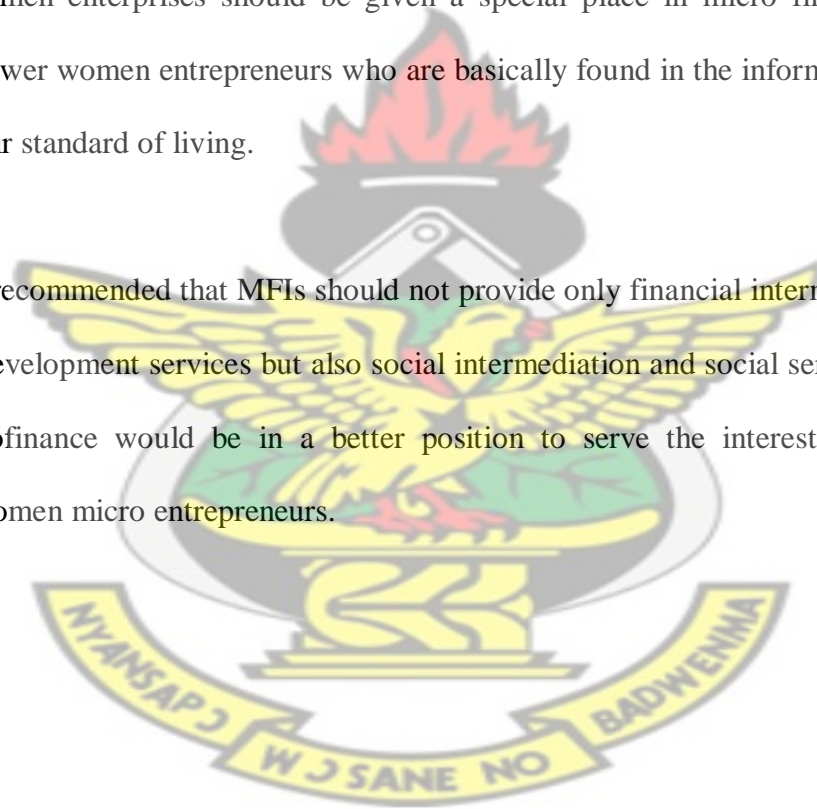
1. The training programmes organized by MFIs for their clients are laudable and it is recommended that they must continue and if possible such training programmes must improve. Microfinance institutions should also embark on educational programmes on microfinance product. This would offer the client the opportunity to be familiar with the operations of MFIs.

2. In order to make microfinance effective and sensitive to the needs of women micro enterprises, the interest rate should be reduced and be made known to the customers. And to make repayment flexible it is recommended that repayment be made in such a way that trusted members are given a payment per month instead of the two weeks payment. This would lessen the pressure being put on the clients to repay the credit. Other flexible means of ensuring loan repayment should be used instead of the group formation. This prerequisite makes group members vicariously responsible for the actions of other members whose behaviours the others may not be reliably informed about.

3. In view of the fact that the loans are usually not sufficient, it is recommended that micro entrepreneurs be given a loan size based on the assessment of their individual enterprises.

4. From all the problems identified, it is recommended that government through ministry of finance and economic planning should mainstream microfinance in the national economic policy. An agency should be set up in the ministry to deal with microfinance issues. Women enterprises should be given a special place in micro financing. This would empower women entrepreneurs who are basically found in the informal sector and improve their standard of living.

5. It is also recommended that MFIs should not provide only financial intermediation and enterprise development services but also social intermediation and social services. By so doing microfinance would be in a better position to serve the interest of the poor including women micro entrepreneurs.



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## QUESTIONNAIRE

These questions are designed to solicit your views on the impact of micro finance scheme on women empowerment in Asuogyaman District. This field work is part of the preparatory work for the award of Commonwealth Executive Masters of Business Administration (CEMBA) degree at KNUST. This study is purely academic and as a matter of fact, the information you provide here would be kept confidentially. Thank you for your support.

1. Age (year): (A) below 20 [ ] (B) 20 – 29 [ ]  
(C) 30 – 39 [ ] (D) 40 – 49 [ ] (E) 50+ [ ]

2. Marital status: (A) married [ ] (B) unmarried [ ]  
(C) Divorced [ ] (D) Widowed [ ]

3. Number of children (A) 1 – 2 [ ] (B) 3 – 4 [ ]  
(C) 5 – 6 [ ] (D) 7+ [ ]

4. Educational Attainment (A) No formal education [ ] (B) Basic [ ]  
(C) SHS [ ] (D) Tertiary [ ]

(E) Professional qualification [ ]  
(F) Others (specify).....

5. The kind of business enterprise engaged in?

(A) Petty trading [ ]  
(B) Dressmaking [ ]  
(C) Hair dressing [ ]  
(D) Restaurant (eg. Chop bar) [ ]  
(E) Other (specify).....

6. No of years in the business

(A) Under one [ ] (B) 1 - 2 [ ] (C) 3 - 4 [ ]  
(D) 5 - 6 [ ] (E) 7+ [ ]

### Microfinance Intervention Available to Small Scale Women Enterprise

7. Which of the micro finance product(s) is/are available to you? Tick

A. Credit [ ]  
B. Savings [ ]  
C. Insurance [ ]  
D. Credit cards [ ]  
E. Payment service [ ]

8. Which of the products do you enjoy or had ever enjoyed

.....  
.....  
.....

9. Do you intend to go on with it? A) Yes [ ]  
(B) No [ ]

Give reasons

.....  
.....  
.....

10. Since when did you start benefitting from the product?

.....

.....  
.....  
**Specific Packages for Women Enterprises (Entrepreneurs )**

11. How did you get to know about such a facility.....  
.....

12 .What process did you go through before getting the loan? .....  
.....  
.....  
.....

13. Did you provide collateral security before you were given the loan?

(A Yes [ ]

B No [ ]

14. Do you enjoy any special treatment by virtue of being a woman entrepreneur?

A) Yes [ ] B) No [ ]

If yes state the preferential treatment? .....  
.....

15. Is there anything that you like about your MFI?

A) Yes [ ] B) No [ ]

Explain your answer above? .....  
.....

16. Do you consider the interest rate on micro credit high or low?

17. Are there any apron strings (conditions) attached to the granting of these microfinance products?

A) Yes [ ] B) No [ ]

If yes what are they?  
.....  
.....

18. Mention the mode of repayment of benefit? .....  
.....

19. Is the repayment schedule flexible?

A) Yes [ ] B) No [ ]

20. Do you think it is rather benefiting the provider institutions?

A) Yes [ ] B) No [ ] Explain your answer?

21. A) which year was good or bad in your business carrier?

.....

B) What accounts for this? .....

.....

**The real impact of microfinance interventions on women empowerment**

22 Do you think loans given by the MFIs are sufficient?

A) Yes [ ] B No [ ]

If no, how much would have been sufficient in your case?

(A) Twice [ ] (B) Thrice [ ] (C) Four times [ ]

(D) Over five times [ ]

23. Compared to the period before you took the loan, would you say your turnover or business output has .....

(A) Improved [ ] by what percentage.....

(B) Decrease [ ] by what percentage.....

(C) Stayed the same [ ]

24. Compared to number of employees you started with, would you say the number has increased or decreased? .....

25. If it has increased, how does it affect your operations?

.....

26. If it has decreased, how does it affect your operations?

.....

27. Do you think the institution has helped you improve your business?

(A) Yes [ ] (B) No [ ]

If No to (26) what do you recommend to the management?

.....

28. Have you experienced an increase in your working capital since you started dealing with the institution? (A) Yes [ ] (B) No [ ]

29. Have you experienced an increase in income (profit) in your enterprise?

(A) Yes [ ] (B) No [ ]

30. Do you keep any saving in cash for emergency or investment?

(A) Yes [ ] (B) No [ ]

If yes (29) has your personal savings,

(A) Increased [ ] (B) Stay the same [ ]

(C) Decreased [ ]

31. Have you experienced an increase in your household income?

(A) Yes [ ] (B) No [ ]

32. Have you experienced an improvement in your household welfare?

(A) Yes [ ] (B) No [ ]

If yes indicate, how has it been improved?

A) Could buy better clothes than before [ ]

B) Can send children to school and pay their fees [ ]

C) Afford to pay medical bill [ ]



- D) Added on to my personal assets [   ]
- E) Quality of food intake improved [   ]
- F) Can pay water and electricity bill [   ]
- G) Can make contribution and donations at church [   ]
- H) Others, (specify) [   ]

.....

33. Have you benefitted from any of the following as MFI's intervention?

- A. Group formation [   ]
- B. Leadership training [   ]
- C. Cooperative learning [   ]

34. Has your MFI organized any training programme to assist you in your business?

- A) Yes [   ]                      B) [   ]

35. What is your assessment of this programme? (If any)

36. Indicate whether your MFI provides the following social services expressed or implied

- A. education [   ]
- B. health and nutrition [   ]
- C. Literacy training [   ]

37. Has your standard of living improved after receiving micro finance product? Explain your answer.

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### **Improving microfinance programme to rural women entrepreneurs**

38. A. Which of the microfinance product(s) is /are of benefit to women entrepreneurs

.....

.....

B. State reasons for it?

.....

.....

39. What should be done to improve women enterprise in terms of microfinance products?

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40. In about 2 or 3 sentences express your opinion about microfinance and how it should be modeled to improve women enterprise so as to empower the women economically.

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