

ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
INSTITUTE OF DEVELOPMENT STUDIES
CENTER FOR REGIONAL AND LOCAL DEVELOPMENT STUDIES

*WOMEN EMPOWERMENT THROUGH MICRO FINANCE:
THE CASE OF OMO MICRO FINANCE PROGRAMS IN ARBA MINCH TOWN,
SOUTHERN REGION*

BY

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ADVISOR: DEGEFA TOLOSSA (PH.D)

JULY, 2011

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SOUTHERN REGION*

**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ADDIS
ABABA UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR
THE DEGREE OF MASTER OF ARTS IN URBAN DEVELOPMENT AND URBAN
CHALLENGES IN EAST AFRICA**

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Dedication

This thesis is dedicated to my grandmother “Kasiye” and my beloved mother “Beliye” as well as to all my brothers and sisters.

Declaration

I, the undersigned, declare that this thesis is my original work and has not been presented for a degree in any other University, and that all sources of materials used for the purpose of this thesis have been duly acknowledged.

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List of Acronyms

AAU	Addis Ababa University
ACSI	Amhara Credit and Saving Institution
AD	Alternative Development
ADEP	Auto Desk Educational Product
AEMFIs	Association of Ethiopian Micro Finance Institutions
AIDS	Acquired Immune Deficiency Syndrome
AMTM	Arba Minch Town Municipality
CIDA	Canadian International Development Agency
CSA	Central Statistics Authority
DECSI	Dedebit Credit and Saving Institution
DOE	Degree of Empowerment
FCSC	Federal Civil Service Commission
FGD	Focus Group Discussion
HIV	Human Immunity Virus
IDS	Institute of Development Studies
IGAs	Income Generating Activities
ILO	International Labour Organization
MD	Mainstream Development
MFI	Micro Finance Institutions
MSEs	Micro and Small Enterprises
NBE	National Bank of Ethiopia
NEA	National Environmental Agency
NGOs	Non-Governmental Organizations
NTNU	Norwegian University of Science and Technology
OCSSCO	Oromia Credit and Saving Share Company
OMFI	Omo Micro Finance Institution
OMFP	Omo Micro Finance Programs
SFPI	Specialized Financial and Promotional Institute
SIDA	Swedish International Development Agency
SNNPRS	South Nations Nationalities People Regional State
SPSS	Statistical Packages for Social Sciences
TFR	Total Fertility Rate

UK	United Kingdom
UNDP	United Nations Development Program
USA	United States of America
USD	United States Dollar
X^2	Chi-Square

Abstract

The main objective of the study is to explore the extent to which women are empowered through Omo micro finance programs in Arba Minch town, Southern Ethiopia. It also attempts to assess the ways in which the programs bring economic and social impacts on women status at household and community level. In order to achieve the study objectives, mixed research methodology was used to generate data both from primary and secondary sources. Primary data were collected by means of survey questionnaire, in-depth-interview of cases, key informant interview, focus group discussion, non-participant observation, and field notes. Secondary data were generated by reviewing the works of scholars, which are both published and unpublished documents. Specifically, alternative development theory was applied as a theoretical framework of the study, where the alternative proposals of the theory and its link with empowerment were mainly discussed in attempt to investigate the research problem. Equally, an analytical framework was applied for better understandings and measuring empowerment in the context of this study.

The collected data were analyzed, summarized, and interpreted through qualitative and quantitative methods of data analysis. In the later case, statistical package for social sciences software was employed to code, compile, and analyze one hundred one credit beneficiaries selected for the study purpose and present the findings in various forms. The former method was used to explain and supplement the numerical data. In spite of the entry barriers into micro finance programs in the study area, it was revealed that participation in the programs has brought positive economic and social impacts on the lives of the beneficiary women. The economic impacts are more pronounced both at household and community level. But, the social impacts at household level exceeds the community level, which are in one way or another linked with long existed societal negative attitude towards women/ less recognition of women roles.

It was found that there is relatively a different understanding on the meaning of micro finance in the academic literatures and the reality. Alternatively, women perception and experiences of empowerment through micro finance programs is truly interesting as viewed in the eyes of the women themselves. Women participation in Omo micro finance programs were constrained by three different yet interrelated factors (institutional, personal, and context specific). Nevertheless, institutional related factors were found to be the most serious factors holding women back from participating in the programs in the study area. The major recommendations forwarded include: revisit some of the rigid client selection criteria of the credit program; strengthen co-operations of the institute with different stakeholders and promote saving mobilizations; upgrade employees' capacity through various trainings and experience sharing with neighbouring micro finance institutes; scale up initiatives/best practices of women affair office of the town so far made to inculcate the roles and values women play; and uphold experience sharing mechanisms between participant and the non-participant women in the study area.

Key words: *Micro finance, Omo micro finance programs, empowerment, and perception.*

CHAPTER ONE

INTRODUCTION

1.1. Background to the Study

Poverty and urbanization are highly gendered, with women constituting the poorest of the poor in most developing countries. Potter and Lloyd-Evans (1998) observed that the increasing poverty of women is manifested in the last 20 years has been attributed to their unequal position within the labour market, their subordination under patriarchal social system, and the undermining of their status and power through capitalism. All of these factors are being exacerbated by structural adjustment and global economic trends.

Similarly, studies have demonstrated that in many urban areas, women, in general, and female heads of households, in particular, make up the majority of the urban poor (Kanji 1993 and Moser 1996 cited in Emebet 2008). Besides this, a growing body of literature on gender and development argues that development is often subjected to male bias (Kabeer 1994; Moser 1993; Young 1993). Most “theories” of development have little to say about women in the past while both research and policies have generally been directed towards men. Boserup (1970) clearly argues for the recognitions of women's productive role in Africa owing to women's exclusion from development programs until the 1970s.

In response to these scenarios, women's organizations and the various United Nations, international women conferences held in Mexico City, Copenhagen, Nairobi, and Beijing over the last three decades have put “gender issues firmly on the development agenda but economic growth and modernization is not gender neutral” (Momsen 2004:5). This is because the experiences of different states and regions show that economic prosperity helps gender equality but some gender gaps are resistance to change (Momsen 2004).

The Vienna declaration adopted in 1993 outlined the many dimensions of human rights for women and the need to improve their access to social services, political decision making, equal work and reward, and protection under law (Potter and Lloyd-Evans 1998). In light of this, the 1995 Human Development Report was devoted to “the relentless struggle for gender

equality” based on the argument that “human development, if not engendered, it is endangered” (UNDP 1995:11).

The 2009 global microcredit summit adopted specific targets to lift half a billion people out of extreme poverty by providing 175 million of the world's poorest families, especially the women of those families, with micro credit to ensure that at least 100 million families rise above the USD a day threshold (Daley-Harris 2009). In view of these initiatives, Ethiopian government adopted a national policy on women in 1993, aiming at eliminating gender and cultural bias that hinders women from participating equally in the economic and social development of the country, and to guarantee women their human and democratic rights (National Policy on Ethiopia Women 1993).

In the same manner, article 25 of the constitution adopted in 1995 guarantees equality before the law to all people and prohibits any discrimination on the ground of sex. Article 35 further states that the principles of equality and spells out basic rights of women with respect to their personal, political, social, customary, and economic life (FDRE Constitution 1995). Although all these efforts have been made, many of the situations of women remained unchanged in developing parts of the world, in general and in Ethiopia, in particular. To this end, in agreement with the 2009 microcredit summit, providing credit or loans was thought as a way out of poverty among women on one hand, and women empowerment, on the other hand.

Alternatively, ever since micro finance was popularised in the mid-1970s in Bangladesh, one salient feature has been the overwhelming representation of women in fragile states (Armendariz and Roome 2008). Many NGOs and donors were dictated by gender policies, which specifically called for increased micro credit outreach to women, and these micro credit programmes did not limit their desired impact to poverty reduction only, but extended it to achieve women's empowerment (Khandker 1998).

The beginning of micro finance in Ethiopia was strongly equated with NGO poverty alleviation intervention in 1990s. Until mid 2005, twenty three microfinance institutions were operating in the country and reached over 1.5 million low income individuals (Wolday 2005). Low income women are among the target groups of microfinance programs in Ethiopia, and in 2001 they comprised more than a third of the total clients of microfinance institutions in

the country (Shiferaw and Wolday 2001). In line with the MFIs of Ethiopia, OMFI was established in 1998 with the aim of reducing poverty and unemployment by delivering micro credit and saving facilities for low income households in SNNPRS, Ethiopia.

Arba Minch town is one of fourteen branches, which were set up to offer the same functions to its inhabitants including women. Conversely, there appear to be gaps in accessing credits to the women though it was thought as one of the empowering tools by a number of researchers and development practitioners among people in developing parts of the world. Therefore, the purpose of this study is to explore the extent to which women of the town are empowered through OMFP. I also attempt to investigate factors affecting women participation in micro finance programs from three different perspectives.

1.2. Statement of the Problem

Micro credit programs have attracted much attention from researchers since their inception. They are small scale credit programs that provide production credit and other services to rural people (Faridi 2004). In recent years many governmental and NGOs in low income countries have introduced credit programs that target the poor. Many of these programs specifically target women on the basis of the view that they are more likely to face credit constraints than men, have restricted access to the wage labour market, and have inequitable share of power in household decision making (Faridi 2004).

The Beijing platform of actions, adopted in September 1995, was a key event in influencing governments to adapt national gender policies and to put into place further mechanisms to ensure that women and men had the same rights, obligations, and opportunities in all areas of life including economic activity (Stevenson and St-Onge 2005). Nevertheless, women in developing countries are still too often subject to the persistence burden of poverty; unequal access to resources and participation in economic policy making; inequality in access to education, skills development and training; unequal access to health and related services; and inequality with men and in the sharing of power and decision making (Stevenson and St-Onge 2005).

Momsen (2004:3) argues that “women carry a double or even triple burden of work as they cope with housework, childcare and subsistence food production, in addition to an expanding involvement in paid employment. Everywhere women work longer hour than men”. Cognizant of these realities the pressure on gender relation of changing status of women, and

of rapid economic restructuring combined with growing improvements at the household level of many, is crucial to the success or failure of development policies (Momsen 2004).

However, women in Ethiopia have not been equally considered in all parts of the country owing to the socio-cultural and economic problems prevailing in the society. For instance, data in Emebet (2008) from the FCSC in Ethiopia shows that in 2002, women made up of 32.17 % of the employees in the civil service. The data further indicated that very minimal numbers of women (10.2 %) were hired in professional and scientific areas. A similar pattern was observed in administrative positions, implying that most female employees are stuck in low position, routing, and low paying occupation (Emebet 2008).

According to a survey carried out in Ethiopia in 2003, there were 997,380 individuals engaged in the informal sector; of these, over half (55.99 %) were women (CSA 2003). Gender policy dialogue by Forum for Social Studies (2005) suggested that the proportion of government-employed women in SNNPRS, out of 63, 454, are only 24 %. The same study showed that only 8.5, 15, 32.7, and 1.6 % of women are employed in professional sciences, administration, guards and labourers, government official in the region respectively.

Accessing loan services to the disadvantaged groups (women) have been thought as an alternative to address the situations of women in many parts of the developing countries. Conquering this notion, it has been also found that providing credit to women rather than men has a greater impact on different household choice variables such as household expenditure, status of children, schooling or health (Pitt and Khander 1998).

It is an undeniable fact that the situation becomes worse as one goes to the lower administrative echelon in the country. Women in Arba Minch town, which is the pocket of nations and nationalities with their distinctive cultural traits, are entangled with different oppressive and male dominant socio-cultural systems that impact women overall status. Arba Minch is one of the *Zonal* towns that are found in SNNPRS and characterised by a situation in which the vast majority of women lack access to basic needs in any corner of the town, no power over resource use, and decision making is exhibited in the wider political system.

Women in Arba Minch *Zuriya Woreda* and the town per se account for 50.5 and 47.6 % of the total population respectively (CSA 2007). Despite this fact women participation in politics, decision making processes and resources ownership has not been proportional to their counterparts (CSA 2007:79). Such inequalities emanate from the traditional practices

and values practiced by the majority of the society's members, which, in turn, traces back to the previous administrative systems which had been worked for hundreds of years. OMFI was established in line with MFIs establishment proclamation No.40/1996 in the year 1998 with the aim of providing loan and saving services to the clients to address such problems in the region in general, the town under concern, in particular.

The reason for undertaking this study is emanated from my practical experiences about the study area and the programs. Many of the studies conducted in line with MFIs¹ (Abebe 2006; Ahmed 2007; Ashmelash 2003; Bamilaku 2004; Bilisie 2009; Brehanu 1998; Brinesh 2009; Daba 2003; Misganaw 2008; Mulugeta 2006; Tesfaye 2003; and Yohannes 2006) have mainly emphasised assessing the impacts of micro finance programs on poverty reduction. Most of them were mixed as in comparative between rural and urban areas; men and women; clients and non-clients. Others have focused on the roles of micro finance programs on the alleviation of unemployment owing to the persistence of the problems across the country.

But the issue of women empowerment through micro finance has been overlooked and/or little attention has been given by researchers. Besides, even studies that included the issue of empowerment evaluated its impacts with limited indicators/failed to notice the multidimensionality of empowerment as they emphasised on poverty reduction at household level mainly in rural areas (Abebe 2006; Ahmed 2007; and Daba 2003). Many of the studies reviewed have centred on the analysis of micro finance institutions instead of equally considering the participants' perspectives. Moreover, the existing system of micro finance is working but not fully functioning towards women's empowerment in the study area.

Above all, the aforementioned reasons are the bases and gaps which inspired me to explore women empowerment through OMFP in Arba Minch town, SNNPRS. As a result this study will include and analyse the impacts of OMFP. It attempts to contribute to the knowledge by exploring the program's impacts in the empowerment of women.

¹The aforementioned theses have been studied by master students in AAU since the inception of micro finance programs in different parts of the country.

1.3. Objectives of the Study

The general objective of this study is to explore the extent to which women are empowered through Omo Micro Finance Programs in Arba Minch town.

Specifically, I have the following objectives:

- Identify the objectives and components of OMFI;
- Assess the ways in which OMFP bring economic and social impacts on women status at household and community level;
- Investigate factors affecting women participation in OMFP in the study area;
- Examine women perception and experiences of empowerment through OMFP.

1.4. Basic Research Questions

In view of the objectives, I attempt to answer the following research questions:

1. What are the objectives and components of OMFI?
2. In what ways do OMFP bring economic and social impacts on women status at household and community levels?
3. What are the factors affecting women participation in the OMFP?
4. How do women perceive and experience empowerment through OMFP?

1.5. Significance of the Study

Micro finance programs play significant roles in reducing both poverty and unemployment among poor people in different parts of the country. More importantly, the programs take part in bridging the long existed gender gaps in various urban settings of Ethiopia. Nevertheless, little research attention has been given in exploring the economic and social impacts of micro finance programs in the empowerment of women in various ways. In addition, much of the academic knowledge in relation to empowerment has been derived from a range of literatures written by a number of scholars across time and spaces. As a result, the findings of this study is hoped to contribute a sort of information on the economic and social impacts of micro finance programs on women life both at household and community level. And, it may provide some ideas on women perception and experiences of empowerment from their own point of views than the academic literatures.

Since the study does not only assess the impacts of micro finance programs on women status but also try to investigate impediments to their participation in the programs. I, therefore, hope that findings of the study may be relevant for micro finance officers, program coordinators, policy makers, and administrators at different levels, in ways that constraints can be addressed for women participation, which, in turn, will help to sustain the economic and social significances of the programs.

Lastly, given that very few studies have been studied in the study area concerning women empowerment by the researchers and other development practitioners. Thus, the study result is anticipated to serve as a stepping stone for those who are interested to research on this and other related topics. Moreover, as I am at the early stage of academic research, it will probably motivate me to conduct further studies on the topic under concern.

1.6. Scope of the Study

Handling the topic into consideration in a wider geographical area needs huge amount of finance and time. Hence, so as to make the study manageable within the allotted time and financial budget, I delimited the study on women empowerment through micro finance; the case of OMFP in Arba Minch town. More specifically, the town has been chosen because very few studies have been studied and there exist a wide range of knowledge gaps which calls for further investigation. So, this and other reasons could be attributed to the selection of the study area, in particular and the topic under concern, in general.

1.7. Limitations of the Study

Expectation in the proposal and the actual fieldwork were somehow different. Firstly, some of the beneficiaries were trying to conceal information about their income and assets accumulated after micro finance programs. This was because I collected the data in the aftermath of nationwide price determination policy on a number of commodities by the government hence they had the fear that the study is for further measures. Secondly, it was a bit difficult for me to find some of the women who received credit individually and in a group form owing to women place of resident and work are located in different corners of the town. In addition, the problem was aggravated due to the weather condition as the time of data collection was one of the warmest months of the town. The last challenge was cancelling many appointments with key informants, women for FGDs, and in extreme cases very few women demanded money for the interviews. Although these were thought to be the potential limitations of this study, with my unreserved efforts such as reshuffling the appointments, finding women with assistances, disclosing objectives and confidentiality were the alternatives I used at least to mitigate the limitations in efforts to achieve the study objectives.

1.8. Organization of the Thesis

This thesis is organized into eight chapters closely linked with its objectives. Chapter one is given for introduction which consists of (background of the study, statement of the problem, objectives of the study, basic research questions, significances of the study, delimitation of the study, limitations of the study, and organization of the thesis). Chapter two is devoted to unfold various concepts and their meanings concerning the topic under study, reviews on relevant literatures, discuss the theoretical and analytical framework on which the study is embedded. The third chapter discusses on the research process highlighting from the beginning upto its end. Historical development of Arba Minch town and pertinent data will be described under chapter four. Chapter five presents on various issues related to OMFI (which include objectives of OMFI, components of the program, policies, and credit delivery methodology). Chapter six focuses on economic and social impacts of OMFP on women status and women perception of empowerment. Factors affecting women participation in the OMFP, which are discussed from three different yet interrelated angles, will be presented in chapter seven. Chapter eight presents, concluding remarks of the major findings and some important points forwarded as recommendations.

CHAPTER TWO

REVIEW OF RELEVANT LITERATURE AND THEORETICAL FRAMEWORK

2.1. Definitions of Concepts

2.1.1. Empowerment and Women Empowerment

Ever since its emergence, the concept of empowerment has been widely used, misused, and contested concept used in different ways by individuals and organizations of differing world views and political persuasion. Thus, it would be inappropriate to try to develop all-inclusive measures of empowerment. Mayoux and Johnson (2007) argue that there are disagreements about what it meant by power and hence, the aim of empowerment, who is to be empowered, and the role of intervening agencies in empowerment processes.

Kabeer in her an influential paper views “empowerment ... as the process by which those who have been denied the ability to make strategic choices acquire such [an] ability” (Kabeer 1999:437). In this definition empowerment entails change from a previous state to a new state of greater freedom and/choice to make. Empowerment is a process whereby people gain increasing power and control over their lives. It involves awareness, self-confidence, broadening of options, opportunities, and control of resources. It comes from “inside”, from the individuals themselves it cannot be granted by others (Aguilar *et al.* 2002).

World Bank (2001) conceptualises empowerment as the process of increasing the capacity of individuals to make choices and transform those choices into desired actions and outcomes. Central to this process are actions which, both build individual and collective assets, and improve the efficiency and fairness of the organization and institutional context which govern the use of these assets. Empowerment is the ability to obtain an income that enables participation in economic decision making. Individuals become empowered when they obtain, the right to determine choices in life and to influence the direction of change, through the ability to gain control over material and non-material resources (Rowlands 1997).

Kabeer (1999 and 2001) sees empowerment as a process and not an instrumentalist form of advocacy, which requires measurement and quantification of empowerment. She emphasises that the ability to exercise choice incorporates three interrelated dimensions : *resources* (include not only access, but also future claims, to both material and human, and social

resources); *agency* (processes of decision-making, less measurable manifestations of agency such as negotiation, deception, and manipulation) and *achievements* (well-being outcomes).

Rowlands (1995) views women empowerment as both a process and a result of the process. He observes it, as a process whereby women become able to organise themselves to increase their self-reliance, to assert their independent right to make choices and to control resources which will assist in challenging and eliminating their own subordination. Empowerment generally involves change at three broad levels: within the household, within the community, and at a border institutional or policy making level (Zafar 2002). In line with different scholars points of emphases and understandings I conceptualised women empowerment²

2.1.2. Dimensions of Empowerment

Empowerment by definition is concerned with power relations. However, power has different dimensions and operates in different, interrelated and often mutually reinforcing ways. Mayoux and Johnson (2007) identified four dimensions of power. “Power within” refers to awareness of life choices, possibilities of change, and confidence in one's own abilities to bring about change. This is related to the idea of “voice” and “confidence” to express one's views in public. “Power to” refers to people's abilities to act on these aspirations and choices- having the necessary capacities, resources, and knowledge to realize choices and exert increased control over and /or to change their conditions of existence.

“Power with”, signifies a less individualistic form of “power within” and “power to”, stressing mutual support, alliance and joint action. Rowlands (1997) regards “power with” as enabling women to examine and articulate their collective interests, to organize to achieve them and to link with other women's and men's organizations for a change. “Power over” and “power within” imply that increasing the power of some people does not necessarily diminishes that of others, and therefore have attractive and positive connotation for development agencies (Rowlands 1995). The first three power dimensions are considered as non-zero sum models of power in which one person's gain is not necessarily another's loss.

² as a process and its product through which women gain financial capacity to invest for their immediate and future needs; develop the capacity to take part in household decision making processes; able to participate in social and economic issues which benefit them in wider community; develop a confidence on one's own ability and equipped to bring „tangible“ changes on their lives; challenge gender based discriminations and recognized for their voices by the existing systems and „rule of the games“, which were partially or entirely denied previously.

Whereas, the last “power over” is what Rowlands (1997) described as “zero-sum” power as: One's gain sounds like another's loss.

2.1.3. Types of Empowerment

As the concept of empowerment per se, its type also be different and understood differently by different scholars in different contexts. But, for the study purpose I considered the two most common types of empowerment, which are used and cited in many academic literatures.

A. Economic Empowerment refers to women's access to saving and credit gives them a larger economic role in decision-making about both financial activities. Controls over credit and saving decisions allow them to optimize their own and household's welfare (Mayoux 2000). SIDA (2009:9) defines “women's economic empowerment as the process which increases women's real power over economic decisions that influence their lives and priorities in society.” Desta (1999:33) observes as “the economic independency of women; access and control of productive resources; organizing to challenge gender based discrimination in terms of access to resources, information market, etc”. Economic empowerment puts women in a stronger position and gives them the power to participate, together with men, in the shaping of society, to influence development at all levels of society, and to make decisions that promotes their family and their own wellbeing (SIDA 2009).

B. Social Empowerment conceptualized as a process by which people reclaim their power, the power to shape their own lives and to influence the course of events around them. They use their power against oppression, peace, and human rights (Kraft 2000). He further notes that this power is not “power over”, or domination, but the power to be and to do, “power with” others that can be used to change oppressive or disempowering circumstances.

2.1.4. Microfinance vs. Microcredit

The term “microcredit” was first coined in the 1970s to indicate the provision of loans to the poor to establish income generating projects, while, “microfinance” came to be used since the 1990s of late terms “microcredit” and “microfinance” tend to be used interchangeably to indicate the range of financial services offered to specifically poor, low-income households and microenterprise (Barau and Woller 2004). For Rahman (1999) and Mouduch (2000) micro finance refers to the provision of small amount of institutional credit and saving jointly liable low-income people who are unable to obtain loans from formal sector banks for lack of collateral.

Micro finance principally encompasses micro credit; micro-saving, and micro-insurance, and money transfer for the poor. Micro credit, which is part of micro finance, is the practice of delivering small collateral-free loans usually unsalaried borrowers or members of cooperatives who otherwise cannot get access to credit (Hossain 2002).

2.2. Micro Finance Impacts on Women Empowerment

2.2.1. The Economic Impacts

A study by Meron (2007) revealed that micro finance plays a significant role in the economic empowerment of women. To this end, the provision of micro finance to women has been called for by various international and national organizations in light of their productive role in economic development and women's rights (Mayoux 2002). In many developing countries micro finance programs are promoted as a strategy not only for poverty alleviation but also for women's empowerment. Access to micro finance was seen as vital to women's ability to earn an income and contributing to an increase in their status and autonomy (Mayoux 1995 cited in Tesfay 2003). Mayoux (1995) discussed that micro finance programs help the poor women to establish their identity outside of their family and giving them experiences, strengthens their economic roles, and encourage them to contribute to family income.

Kabeer (1998) noted that studies conducted in Grameen Bank in 1995 show that micro finance has a positive impact on saving and capital accumulation and as a result the investment was for long time borrowers than for the newer one to the extent 260 % as compared to the non-members. Meehan (2001) study revealed that 60 clients (94 %) reported a significant increase income as a result of access to credit although the income of some of the clients has dropped after certain period of time. It was highlighted that access to micro finance has contributed to greater usage of basic household food, increase in assets, and smoothing consumptions in the client's households.

Brehanu (1999) suggested that women empowerment, their self esteem, their self confidence, and status within the household are closely related with increase in their income and business ownership. Tesehay and Mengestu (2002) investigated on the impact of micro finance among the poor women's in Ethiopia. They argue that the micro finance interventions have brought positive impacts in the improvement of economic status and empowerment of micro finance programs beneficiaries. Similarly, a comparative study on ACSI and OMFI results revealed that access to credit is indeed enabled borrowers and their household to generate some cash

income (Hirut 2006). She also stated that both ACSI and OMFI borrowers (women) had considerable labour contributions to the loan funded economic activities compared to their husbands.

2.2.2. The Social Impacts

Several studies suggest that access to credit empower women by increasing their autonomy and decision making ability within household (Cheston and Kuhn 2002; Holvoet 2005; Mayoux 1995; and Schuler and Hashemi 1994). Others argue that their (women) access to credit is likely to free women from abusive marital relationship (Mayoux 2001) and reduced the vulnerability to domestic violence (Schuler *et al.* 1996 and Kabeer 1998); increased physical mobility and awareness (Hashemi *et al.* 1996); and mitigated some of the gender asymmetric in decision making (Kabeer 2009). Rowlands (1997) argues that the core of the empowerment process involves fundamental psychological and psycho-social processes and changes...central to these are the development of self-confidence and self-esteem, and sense of agency ... a sense of self within a wider context. Cheston and Kuhn (2002) pointed out that self-confidence is one of the single most crucial areas of change for empowerment.

Kabeer (2005) tells that the delivery of micro finance is expected to result in social changes because women working in groups can achieve what might not be achievable individually. Micro finance organization strategies provide the poor the possibility of belonging to a group they choose despite the socially and economically imposed relationships. This allows for meeting with others of similar experience and share knowledge. Such practices in effect are believed to empower them both individually and collectively. Carr *et al.* (1996:6) clearly argued that “by definition, people owning and managing their own organization are more empowered than those who are beneficiaries of someone else's organization”. Micro credit programs have, in many cases, increased mobility and strengthened networks among women who were previously confined to home because borrowers build solidarity through their participation in lending circles and village organizations (Carr *et al.* 1996).

ILO (2003) conducted empirical study on 123 women entrepreneurs in Ethiopia and the survey results revealed that the majority of women entrepreneurs make their own independent decisions on the utilization of the money generated from their businesses, as well as matters that affect their businesses. The study further showed that a significant number of surveyed women who operate small enterprise make joint decisions with [her] husbands when the

decision involves complex matters or where the husbands permission is required. For example, offering joint property as collateral or disposing of a major property.

In general, as part of a broader effort to raise awareness and mobilize women, credit could play an important role as an “entry point” to empowerment (Maclasaac 1996). First, women increase ability to take loans. Second, repay them and accumulate saving can increase their self-confidence and sense of self-worth. Lastly, participation in credit program can result increased status for women in the household and community level (Hashemi *et al.* 1996).

2.2.3. The Negative Impacts or disempowerment

Mayoux (1997) and Kabeer (2009) argue that the impact of micro finance programmes on women is not always positive. Women that have set up enterprises benefit not only from small increase as in income at the cost of heavier workloads and repayment pressures. There are studies that allude to negative impacts such as exploitation of women, unchanged poverty levels, increased income inequalities, increased workloads, high interest rates, and loan repayment, creating dependencies and creating barriers to sustainable local economic and social development (Adams and Von Pischke 1992; Bareman and Chang 2009; Copestake 2002; and Rogaly 1996).

2.3. Factors Affecting Women Participation in Micro Finance Programs

2.3.1. Institutional Related Factors

Collateral is one of the serious institutional related constraints for women participation in micro finance programs. Because, evidence in relation to women preference and collateral indicated that some women prefer individual loans as a result in many contexts group formation has been problematic (Mayoux 1999). That is why; a partially formed peer groups looking for a reliable members with [whom] to share risk is more likely reject candidates they consider most risky, namely the very poor (Yaron 1997). Loan size also services as a mechanism to include the poor including women in microfinance programs. Activity based targeting is also another alternative to address the financial needs of women (Mayoux 2005). Moreover, institutional related constraints such as loan size for which experience shows that if the borrowers are poor and women, the loan size should be small (Mayoux 2005). In such cases, loan size business plans and registered collateral are demanded by loan providers.

Saving, this can be made by the beneficiaries both as compulsory and voluntarily. Mayoux (2000) cited in Zelalem (2007) suggests that capacity and willingness of the potential clients

to save is one of means to indentifying the ability to shoulder debt. Loan purpose is another factor that may affect women inclusion or exclusion from the credit programs. For which evidence indicated that determining the purpose of the loan use may help women to use their loans by themselves since the determined purpose (nature of activity) may not invite their counter parts to be engaged in it (Mayoux 1997).

Resal (2001) notes that the physical and mental conditions of eligible women are taken into account such that the “unattainable” are excluded from the start. That is, staffs responsible for screening candidates can exclude some people who although in need of assistance are in their view unlikely to succeed in meeting the goals of credit providing institutions. This deliberate action of the staffs in screening the target groups lead to what Rahaman (2000) calls the selective “exclusion of the poorest”. Kabeer (2009) highlights that institutional related factors in reality; the pressure of meeting weekly repayments was mentioned as of the most important tensions generated by poverty-oriented lending.

2.3.2. Personal Related Factors

Education and experience are one of personal related factors that constraint women participation in the micro finance programs. Because, to become an entrepreneur, women need to look for opportunities, be able to assess them and convert them into a successful business. With the revolution in information technology, information is now available for all. Thus, woman must possess high skills and intensive knowledge to gather information and process them at the stage of searching investment opportunities and the stage of executing the chosen opportunity (Naser 2009). Cheston and Kuhn (2002:42) observed that “one of the most difficult challenges that many women face as they start to expand their business is the balancing of their increasing responsibilities with their household responsibilities”. Women, especially poor mothers, must divide their time between work "productive role" and family "reproductive role", and balancing all the demands. Time is valuable for these women, as their livelihoods depend largely on their ability to fulfil the multiple demands of the household and the marketplace³. For this reason, women businesses remain small and concentrated in less profitable sectors in large because of time constraints that women domestic responsibilities created (Cheston and Kuhn 2002).

³ Retrieved from <[www. Women's Participation in Microfinance.mht](http://www.Women's Participation in Microfinance.mht)>[Accessed on March 17, 2011].

2.3.3. Socio-cultural/contextual Related Factors

Studies made in 12 West African countries show that there are legal and cultural restrictions on women activities and women in many parts of the less developed countries are disadvantaged in their accesses to education, skills, and capital that improve their ability to succeed in small business (Webster and Fidler 1996). According to Nilufer (2001), socio-cultural factors in developing countries influence women's decision to become an entrepreneur. These include religious values, ethnic diversity, and marital status. But, limited women participation in the labour force is attributed to social norms where married participation is less than single or widow women (Naser 2009). Societal limited recognition for women socio-economic roles also hinders their participation in micro finance programs. For example, in spite of the remarkable importance of women's participation, their jobs have been considered as an “extra income” to family survival or simply to improve its living conditions. Moreover, microenterprises owned by women have been considered as a way to meet primary needs instead of a profitable source of income⁴.

2.4. Theoretical Framework

Given that my study is based on the lived realities and experiences of micro finance beneficiaries I, therefore, do not forge a new theoretical framework. I discuss in line with ideas from alternative development theory; whose main concern is people or people centred development as opposed to modernization theory with the express aim of “economic growth” and its trickle down effects on the societies. That is why; I have chosen alternative development theory⁵ as a theoretical framework for my research. Besides, the need to use it as a theory is, because the effective role of the state and inclusion of women and gender issues are primarily discussed in this development discourse.

⁴ Retrieved from <[www. Women's Participation in Microfinance.mht](http://www.Women's Participation in Microfinance.mht)>[Accessed on March 17, 2011].

⁵Despite of many critics forwarded by different scholars about alternative development theory or often as a paradigm /approach compared with the MD, I consider it as alternative development theory for my study due to its grounded realities, being people-centred, having alternative proposals such as methodology (bottom-up) approaches of development and planning like, empowerment; goals, improving the lives of the neglected majority in different scales; and actors (NGOs, local community), and considering the role of the state as a facilitator or enable of people's self development, which can go with strong civil societies (Friedmann 1992).

2.4.1. Origins and Moral Justification of Alternative Development Theory

Onwards of the late 1960s the conventional top-down approaches to development came under increasing challenges. Economic policies had not resulted in the promised “trickle down” of growth to the poor rather it had benefited the “elite” and had nothing to the poor groups of the society. Development planners recognized that the conventional growth-centred model was inefficient to address the sweeping poverty in many parts of the world (Craig and Mayo 1995). By the mid-1970s alternatives to the modernization paradigm of MD were being sought by development scholars and practitioners. Increasingly, an “alternative development” approach which was “people-centred” rather than focused solely on economic growth became popular, especially among NGOs. This approach rejected the conventional top-down approaches to development, and emphasized the need for self-reliance, and the participation of the poor in the development process (Galjart 1995).

2.4.2. Alternative Development as a Theory

To begin with the work of Friedmann (1992), American social scientists conceptualized alternative development (hereafter, AD) as improving the living conditions of life and livelihood for the excluded majority in global, national, and regional scales. As an ideology, it argues for the rectification of existing imbalances in social, economic, and political power and to a greater extent than the prevailing MD. Again, it acknowledges the needs and established rights of citizen households and views development as not only a genuine and lasting improvements in the conditions of life and livelihood, but also as a political struggle for empowerment of households and individuals (Friedmann 1992).

It may be argued that AD to be more than just a critical-creative mirror of responses to conventional development “shifting in position as MD shifts” (Nederveen-Pieterse 1996; 1998; 2001). From Friedman's point of view, it is clear that AD goes beyond the status quo of conventional development discourse. He further states that AD is inevitably centred in the “politics of claiming” because it seeks to be the intellectual voice of the disempowered by trying to put forward in the development agenda their moral claims as a response to the hegemonic powers that oppress them. Thus, AD could be seen as “the champion of the poor” in that it advocates for their own social and political empowerment (Friedmann 1992).

As opposed to the grand theories, AD is centred on people and their environment rather than production and profits. And just as the paradigm in dominance approaches the question of economic growth from the perspective of the firms, which is the foundation of neoclassical

economies, so an AD, based as it must be on the life space of civil society, approaches the question of an improvement in the conditions of the life and livelihood from a perspective of the households (Friedmann 1992).

Rahman, a well known proponent of the AD approach has argued that the strong emphasis on quantitative indicators in MD has led to a “distorted approach development”, and has impeded social development (Rahman 1993 cited in Buckley 2000:7). Development planners have tended to emphasize quantitative indicators as they are easier to measure and interpret than qualitative indicators. Friedmann (1992) highlights that people have an equal and fundamental right to better conditions of life and livelihood, which is the main concern of AD theory as the conventional theories failed to address the problems.

2.4.3. Alternative Proposals of Alternative Development Theory

“Alternative” generally refers to the three spheres-agents, methods, and objectives or values of development. Nerfin (1977) cited in Nederveen-Pieterse (1996; 1998; 2001) explains that “AD” is the terrain of “Third system” or citizen's politics, the importance of which is apparent in view of failed development efforts of government (the prince or first system) and economic power (the merchant or second system). The concern here is the “Third system”, unlike the first two is aimed at changing the life of the poor's, the oppressed, neglected and the most vulnerable groups of the society from the grassroot level by involving or participating in the activates which could in return, benefit and empower them. In this context, “below” refers both to “community” and NGOs.

Unarguably, AD is frequently identified with development by NGOs (Drabek 1987). Therefore, the active participation in introducing development and working for the betterment of the poor's, marginalized, and most vulnerable people led scholars to concluded that “AD is development from below” (Nederveen-Pieterse 2001:75). This idea is further understood as a decisive foundation for development because it recognizes the local people as competent enough to meaningfully contribute in shaping the development of their areas development which best addresses their needs (need-oriented). Lund (1994) argues that, AD does not see the local people as passive recipients from charity approaches but as active participants who should be involved in the decision making process on issues of development of their areas.

In spite of its advocacy of grass-roots politics, an AD requires a strong state to implement its policies. A strong state, however, is not top heavy with an arrogant and cumbersome bureaucracy; it is, rather an agile and responsive state, accountable to its citizens. It is a state

that rests on the strong support of an inclusive democracy in which the powers to manage problems that are best hand-led locally have been devolved to local units of governance and to the people themselves, organized in their own communities (Friedmann 1992).

The second alternative proposal; Nederveen-Pieterse (2001) highlights that the hallmark of AD methodology is participation, Participatory Action Research, Rapid Rural Appraisal , critical pedagogy, and empowerment. “Endogenous development” based on the argument of (Rahman 1993:217) “that there are no front runners to be followed rather the goals and values of development are generated from within”. And also, the idea of “indigenous knowledge” in line with Escobar (1992) argument that Western science in the form of development exercise a form of “cultural violence on the Third world” and what is needed are “alternative conception of knowledge”. His idea has been supported by Agrawal (1995b) cited in Nederveen-Pieterse (1996:14) emphasizing on “to ignore people's knowledge is almost to ensure failure of development” or the practical knowledge of peoples in other cultures, gives substance and depth to otherwise rhetorical categories such as endogenous development.

The third alternative proposals of AD, is seen as people-centred development which seeks to put the table the other way around and instead of putting growth as the priority, the urge is to place economics at the service of people, a direct reversal of existing practice (Korten 1992). Korten argues that people-centred development implies that there must be an empowerment process of the people and that empowering should be done by constructing the appropriate “member accountable institutions and strengthening”, “local resource control and ownership”. The requirements of a people-centred approach are basically put forward three aspects: (a) justice: where the idea would be to have a fundamental restructuring of the economic and social system in order to empower the disempowered and thus, provide them with the means to expand their agency and welfare; (b) sustainability: where the disparities of unsustainable growth must be dealt with, and (c) inclusiveness: where the issue of real participation through empowerment of the people is the main issue at stake (Korten 1992).

2.4.4 .The Link between Alternative Development and Empowerment

As I thoroughly discussed in the preceding section AD theory, which came into being in response to the general failures of modernization theory views on development and its beneficiaries. In the same way, empowerment approach as one of the key approaches of this

theory has emerged from grassroots as an alternative to the dominant, “top-down”, modernization approaches to development. This approach sought to address the strategic needs of women by changing the distribution of power at all levels, and emphasized the need for women's self-reliance, rather than relying upon development planners to bring about change. This concept represented as a shift away from the notion of complete powerlessness of the poor towards the idea of agency and participation (Kabeer 1994). The empowerment approach “...argues for a development that is more squarely embedded in the particular experiences faced by women and men in the South” (Chowdhry 1995:36). For Kabeer (1994:264) “empowerment from below” entails transforming consciousness, which arises out of “...newly acquired access to the intangible resources of analytical skills, social networks, organizational strength, solidarity and a sense of not being alone” This can be promoted through group organization, awareness-raising, and popular education strategies.

Provided that AD is people-centred development, which demands a shift in methodology from the conventional development, that focuses on local knowledge and “bottom-up” approaches of development and planning. In order to put this into practices, AD has its own methodologies. I, therefore, equate AD when women are allowed to participate in the micro finance programs so that it will help them as one way to improve their lives in various ways. Besides to this, being people-centred development with bottom-up approaches of development and planning, AD is linked with empowerment in the context of this study.

2.5. The Overview of Micro Finance Institutions in Ethiopia

The micro finance industry in Ethiopia has shown a remarkable qualitative and quantitative growth since the early 1990s. The legal foundation for the microfinance industry was laid in the country with the issuance of Proclamation No.40/1996 on licensing and supervision of micro financing institutions in 1996. MFIs established in accordance with the proclamation can provide a loan amount of not more than five thousand *birr* on the basis of group guarantee and to borrowers who have joined a membership arrangement as well as lend limited scale to non-members on the basis of physical or other collateral (NBE 2002).

The major objectives of microfinance institutions in Ethiopia are its users as policy instruments to enable rural and urban poor to increase the output and productivity, induce technology adoption, improve input supply, increase income, reduce poverty, and attain food security (Wolday 2001). Wolday (2002) observed that the major sources of loan in Ethiopia

are Commercial Bank, MFIs, cooperatives (saving and credit cooperatives), and multi-purpose cooperatives), NGOs involved in the delivery of financial services, semi-formal institutions (*Iqub, Iddir, Mahaber* etc), and informal institutions. Wolday (2003) also noted that the credit provision mechanisms in Ethiopia is the same among all MFIs, that is, all microfinance services are supply driven (not market oriented), focused on repayment and client outreach, follow the same regulatory framework which fixes the loan ceiling at 5,000 *birr*, loan term at 12 months and lending methodology as group guarantee (collateral), interest rate a minimum of 12 %.

The industry is non-competitive and provides uniform credit and saving products to all clients (Wolday 2002). The development of these MFIs could be viewed from two angles: (i) as potential market growth for financial services and (ii) as paradigm shift by the government and NGOs from mere relief assistance to mobilising the community towards sustainable development (Meehan 1999 cited in Wolday 2000). In spite of the encouraging development, Ethiopian microfinance institutions are faced with many problems some of these are low outreach, limited funding alternatives, limited financial products, lack of research to understand clients needs and weak internal control system (Wolday 2001).

2.6. Empirical Studies in relation to Micro Finance in Ethiopia

Asmelash (2003); Brinsh (2009); and Meehan (1999) studied on the impact of DESCi in Tigray regional state. The study results show that there are changes in the household income levels, decreasing of poverty levels; building of key assets; improved child education, increased access to health facilities and nutritional intake; and improved risk management capacity on clients than the non-clients in the studied areas. Daba (2003) and Yohannes (2006) investigated on the impact microfinance on poverty reduction of OCSSCO in Oromia regional state. The study results reveal that there are improvements in economic status of the clients than the non-participants and improved the living standards of the participants' households in the study areas. Wolday (2003:42) concluded based on the study results that the microfinance industry in Ethiopia showed remarkable growth in terms of outreach. Wolday states that the "MFIs have been successful in addressing the financial needs of the rural poor". Good repayment rates, mobilization of significant amount of saving from the poor, and promotion of food security among the poor were reported by the study.

Abebe (2006) studied on the impact of microfinance on poverty reduction in Ethiopia, with the case study of three SFPI. The results reveal that the SFPI programs have made positive

impacts on the household income, asset ownership, housing conditions, expenditure, and diet conditions of the participants. Abebe concluded that the impacts are more pronounced in rural households than urban households. Ahmed (2007) evaluated the role of microcredit on poverty alleviation focusing on ACSI in Farta *Woreda* in Southern Gonder. His study results shows that ACSI microcredit program has impacted positively on the clients by creating employment opportunities for the poor and by increasing capacities for those who have no working capital and raised the household income both for men and women borrowers.

2.7. Analytical Framework for Understanding and Measuring Empowerment

Similar to a theory, an analytical framework is a set of explanatory concepts that are useful for explaining a particular phenomenon, situation or activity. This offers a certain ways of looking at the issues, and emphasize on different questions and how they are linked to different issues, and emphasis can be given to a particular issue. The term empowerment is commonly used to indicate both a process of (empowering groups or individuals) and an outcome (a person or group is empowered). Hence, understanding and measuring empowerment using analytical framework involves the interaction of four interrelated components (agency, opportunity structure, degree of empowerment, and outcomes). Agency is defined as an actor's or groups ability to make meaningful choices; that is, the actor is able envisage and purposively choose options (Alsop and Heinsohn 2005). But, agency cannot be treated as synonymous with empowerment. Even when people have the capacity to choose options, they may not be able to use the agency effectively. They are constrained by their opportunity structure (Alsop *et al.* 2006).

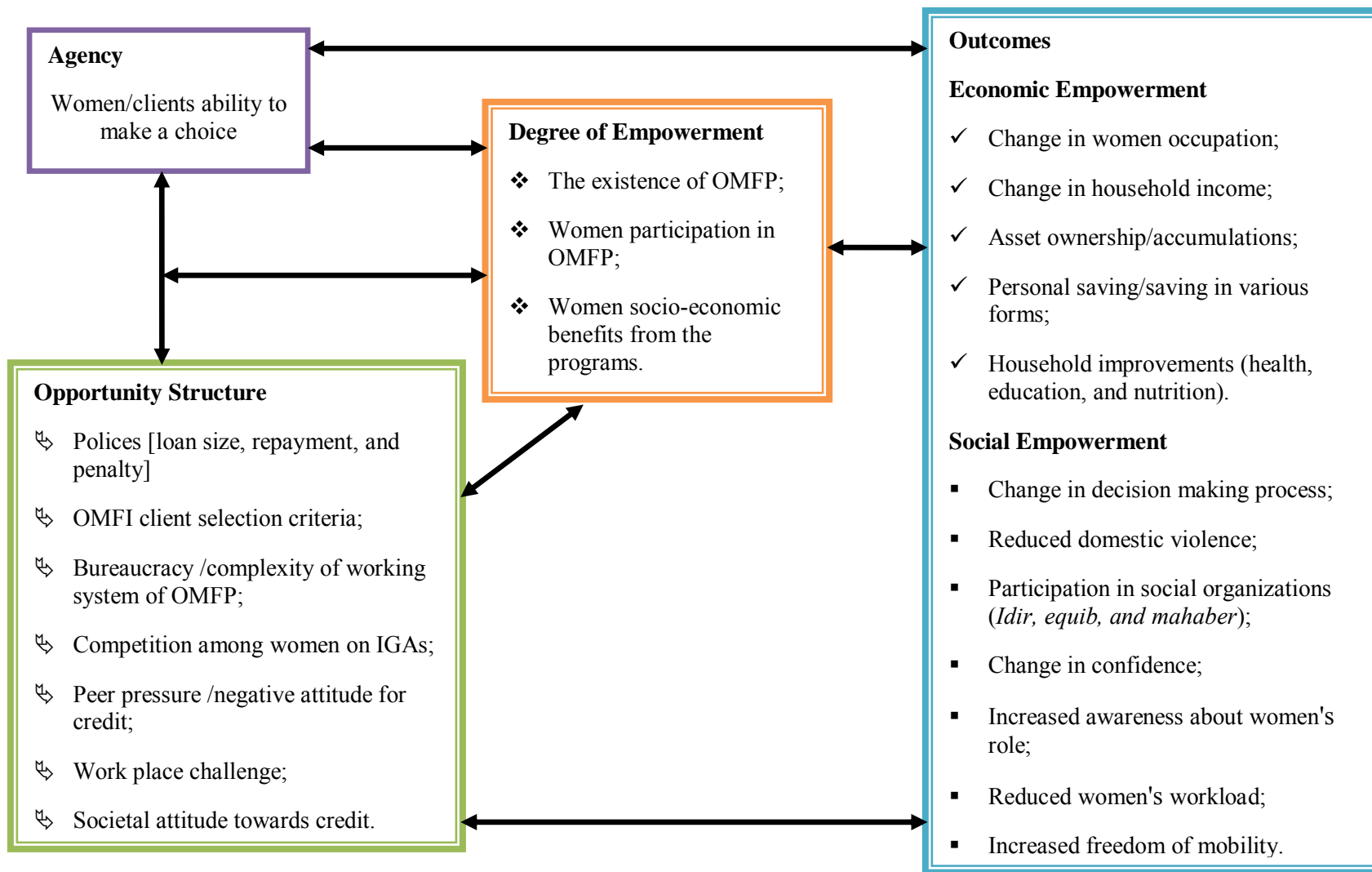
According to Alsop and Heinsohn (2005) opportunity structure is defined as the formal and informal contexts within which actors operate. An actor's opportunity structure is shaped by the presence and operation of formal and informal institutions, or rules of the game. These include the laws, regulatory frameworks, norms governing people's behaviour. Similarly, an actor may be able to choose options, but the effective realization of those choices will largely depend upon the institutional contexts within which the actors lives and works. The opportunity structure comprises these institutions that govern people's behaviour and that influence the success or failure of the choices that they make (Alsop *et al.* 2006). Institutions can be formal or informal. Formal institutions include the sets of rules, laws, and regulatory framework that govern the operation of political processes, public services, private organizations, and market. Informal institutions include the “unofficial” rules that structure

incentives and govern relationships within organizations such as bureaucracies, firms, or industries as well as informal cultural practices, value system, and norms of behaviour that operate in household or among social groups or communities (Alsop *et al.* 2006).

The other component of the framework is degree of empowerment (DOE), which can be measured by assessing (1) whether a person has the opportunity to make choice (*existence of choice*). Alsop *et al.* (2006) argue that for several reasons including the geographic, social, or economic positioning of a person or group, the opportunity to make a desirable choice may not exist; (2) whether a person actually uses the opportunity to choose (*use of choice*), which in turn, involves measuring whether or not a person or group takes an advantage of an opportunity to choose; and (3) once the choice is made, whether it brings the desired outcome (*achievement of choice*). It measures the measure of how far a person or group is able to achieve the desired outcome (Alsop and Heinsohn 2005 and Alsop *et al.* 2006).

Figure 1 shows that, it is a dynamic process through which the interaction of agency and opportunity structure has the potential to improve the capacity of individuals or groups to make effective choice. This concept has similarities to Sen's notion of expanding human capabilities and freedoms by focusing on people's ability to enhance the substantive choice they have (Sen 1999). Figure 1 also indicates that, agency and opportunity structure, on the one hand, and degree of empowerment, on the other hand, are assumed to be in a reciprocal relationship. The better a person's assets and the more favourable their opportunity structure, the higher the framework expects their DOE to be.

Likewise, enhancements in a person's DOE are expected to enhance assets and opportunity structure. For instance, the higher a woman's assets and the more favourable her opportunity structure, the more likely she is to take effective action against an abusive husband. Alsop *et al.* (2006) indicate that in taking effective action; the woman might increase her assets (her confidence, awareness of women's right) and also contribute to changes in the opportunity structure (the more woman become empowered to act against abusive husbands, the less likely domestic abuse will remain an accepted practice). Depending on the interactions of the three core components of the framework discussed above, the outcomes can be positive (empowerment of groups/individuals) or negative (disempowerment of groups /individuals). To this end, Figure 1 presents the summaries of the findings in light of the analytical framework.



SOURCE: Modified from Alsop and Heinsohn (2005:6) and Alsop *et al.* (2006:10)

Figure 1: Analytical framework showing the relationships between outcome and correlates of empowerment.

CHAPTER THREE

METHODOLOGY

3.1. Qualitative /Quantitative vs. Mixed Approach and Reasons for the Choice

The choice of methodology depends more on the objectives of the study and the corresponding research questions than the preference of the researcher. Some research problems are approached quantitatively or qualitatively yet some other research problems, like the one at hand, need to be approached by combining both qualitative and quantitative approaches. With this in mind, I planned to use a mixed research approach. In their attempt to distinguish between the two approaches Denzin and Lincoln (2005:10) indicated that the word qualitative implies an emphasis on the qualities of entities and on processes and meanings that are not experimentally examined or measured (if measured at all) in terms of quantity, amount, intensity, or frequency.

Qualitative researchers stress the socially constructed nature of reality, the intimate relationship between the researcher and what is studied and the situational constraints that shape inquiry. Such researchers emphasise the value-laden nature of inquiry. They seek answers to questions that stress how social experience is created and given meaning. In contrast, quantitative studies emphasise the measurement and analysis of causal relationship between variables, not processes. Proponents of such studies claim that their work is done from within a value-free framework (Denzin and Lincoln 2005).

Qualitative and quantitative approaches have been distinguished, and thereby defined, on the basis of the type of data used (textual or numeric; structured or unstructured), the logic employed (inductive or deductive), the type of investigation (exploratory or confirmatory), the method of analysis (interpretive or statistical), the approaches of explanation (variance theory or process theory), and for some, on the basis of the presumed underlying paradigm (positivist or interpretive/critical; rationalistic or naturalistic) (Bazeley 2002).

On the other hand, mixed research, according to Creswell and Plano (2007:5) “is a research design with philosophical assumptions as well as methods of inquiry”. As a methodology, it involves the philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative approaches in many phases in the

research process. As a method, it focuses on collecting, analysing, and mixing both quantitative and qualitative data in a single and series of studies. It is also argued that the use of multiple methods, or triangulation, reflects an attempt to secure an in-depth understanding of the phenomenon in question (Flick 2002). Johnson and Turner (2003) suggest that the fundamental principles of mixed research should often involve the combining of quantitative and qualitative methods, approaches, and concepts that have complementary strength and nonoverlapping weaknesses. The principles are meant to be viewed broadly; it is not limited to triangulation or corroboration. The words, “complementary strengths” are meant to include all of the strength of qualitative and quantitative research.

Considering these views, I intended to use mixed research approach by recognising that all methods have their own limitations so that combining the methods (qualitative and quantitative) could neutralise or cancel the biases of either of the approach. With this regard, Tashakkori and Teddlie (1998) cited in Degefa (2005) claim that: with the growing of the uses of mixed research methods in social and behavioural sciences, the researchers are free to use the methods most appropriate to their research questions. It seems that the barriers set by philosophical boundaries have been removed, and researchers can now investigate problems by applying any method(s) they consider to be the most appropriate. Creswell and Plano (2009) adds that there are five major purposes or rationales for conducting mixed method research. These are:

- A) Triangulation, seeking convergence and corroboration of results from different methods and designs studying the same phenomenon.
- B) Complementarities, seeking elaboration, enhancement, illustration and clarification of results from one method with results from the other methods.
- C) Initiation, discovering paradoxes and contradictions that lead to re-framing of research question.
- D) Development, using the findings from one method to help inform the other method.
- E) Expansion, seeking to expand the breadth and range of research using different methods for different inquiry components.

In general, using the mixed research methods, qualitative results provided new dimensions of the explored concepts that cannot be found in quantitative measures/analysis of the concept and vice versa.

3.2. Study Population

With the current restructuring, Arba Minch town is divided into four *Kifileketema*⁶ and eleven *Kebeles*⁷. The town has a total of 2125 women⁸ who benefited from OMFP, who are found in the four *Kifileketemas* and the corresponding *Kebeles*. All the OMFP beneficiaries were considered as the study population, out of these the sample women were selected for the study.

3.3. Sampling Techniques, Selection of the Study Area, and Sample Size

For the purpose of this study sample women who have been benefited from OMFP were selected purposively. This is because, taking the entire participants from the whole *Kifileketemas* who are found in the towns, is very costly and not manageable. Considering all these difficulties, I was forced not to apply the probability sampling procedures. As a result, non-probability sampling, particularly a purposive sampling procedure, was used. It is argued that when obtaining purposive samples (occasionally referred to as “judgmental samples”), researchers use their subjective judgment and attempt to select sample units that a particular sampling units will be included in the sample primarily depends on the researcher's subjective judgment (Frankfort-Nachmias and Nachmias 2008:168). It is also argued that the logic and power of purposeful sampling lie in selecting information rich cases for study in depth. Rich information and cases are those from which one can learn a great deal about issues of central importance for the purpose of the research (Patton 2002).

Among fourteen branches of OMFI which are operating in SNNPRS, OMFI in Arba Minch was chosen purposively so as to understand women in this particular town. In this regard, Maxwell (1997:87) views purposive sampling as a type of sampling in which, “particular

⁶ *Kifileketema* refers to the second administrative unit next to the town administration, which has its own authority to handle issues that come under it. It is also used interchangeably with sub-city for official purposes.

⁷ *Kebele* is the lowest administrative unit which is accountable for *Kifileketema*.

⁸ In this context, women refers to a female population who are participating in the micro finance programs regardless of their marital status and found in the productive age groups (15-64 years). There is a category among women based on their participation as clients, women who have received credit; ex-client, women who have participated previously; non-clients, women who do not participate in the micro finance programs.

settings, persons, or events are deliberately selected for the important information they can provide that cannot be gotten as well from other choices". As I mentioned earlier, Arba Minch town is divided into four *Kifileketemas* namely, *Abay*, *Secha*, *Siquela*, and *Nechsar*. Each of them has three *Kebeles* except the first, *Kifileketema*, which has two *Kebeles*.

I selected two *Kifileketemas*, (*Siquela and Nechsar*) deliberately. The two *Kifileketemas* were selected due to their geographical proximity to each other. I considered proximity as an advantage to generate the necessary data for the study from the beneficiaries adequately and timely. What is more, *Siquela and Nechsar Kifileketemas* are thought to be at the hub of the town's economic activities, where many of the beneficiaries are engaged in different kinds of IGAs with the help of loan taken from OMFP. As to the sub-branch office report⁹ the total number of credit beneficiaries in the two selected *Kifileketemas* (*Nechsar and Siquela*) were six hundred ninety seven and five hundred sixty five women respectively. I employed a purposive sampling technique in order to select eight % of women from each *Kifileketema*.

I personally thought one hundred one women as a representative sample based on the total beneficiary's numbers for the whole women in the study area, in general and the two chosen *Kifileketemas* and their corresponding *Kebeles*, in particular. This way, I selected a total of one hundred one samples (fifty six from *Nechsar* and forty five from *Siquela Kifileketema*) respectively. In taking the sample, the total number of women in each *Kebele* was used as a criterion to select the beneficiaries from the chosen *Kifileketemas*.

Generally, I employed purposive sampling technique not only to select the study area among other OMFI in the region but also to take eight % of beneficiary women in the chosen *Kifileketemas* and their respective *Kebele*.

Snowball sampling, as the name implies, is a technique for finding research subject. One subject gives the researcher the name of another subject who in turn, provides the name of the third, and so on (Vogt 1999). It is based on an analogy to a snowball, which begins small but becomes larger as it is rolled on wet snow and picks up additional snow. I used this sampling technique to get access to women who have not benefited from the credit program and the ex-clients. Also, some of the key informants were rarely available unlike other subjects of the study as they live and work in different quarters of the town.

⁹ OMFI sub-branch /Arba Minch town beneficiaries total list upto the end of August, 2010.

Owing to this, snowball sampling seems the pertinent sampling technique and helped me to gather information in such scenario. For example, I met a beneficiary woman and in the interview she told me about the cases of her friends who received credit from OMFP but stopped currently for various reasons. This was the way I started to explore data related to factors affecting women involvement in OMFP mainly from non-clients and ex-clients to validate similar data obtained from participant through other methods. I continued this way until the level of saturation, i.e. data needed for the study, was reached.

3.4. Case Study Approach

Merseth (1994) defines a case as descriptive research document, often presented in narrative form, based on a real-life situation or event. It attempts to convey a balanced, multidimensional representation of the context, participants, and reality of the situation. The definition reaffirms three essential elements of the cases: a) they are real; b) they rely on careful research and study; and c) they foster the development of multiple perspectives by the users (Merseth 1994). In line with this idea, my study was based on the real case, i.e. the lived realities and experiences of women using appropriate research methodology, which I thought as fitting to investigate the problem under study. Clardy (1997) also suggests that a case study can be a richly detailed story about a specific situation or event in the work place, describing who, what, where, when, and how.

Thus, a case study is essentially an intensive investigation of a particular unit under investigation. I used the method to look into multiple realities of the women and come up with fresh findings that, in turn, can serve as a spring board to quest for possible solutions in addressing the situation of women in the study area.

Yin (1994) recommends that case studies are prepared strategies when „how“ or „why“ questions are being posed, when the investigator has little control over events, and when the focus is on contemporary life within some real-life context. The other quality of the case study method is that it provides opportunity for the investigation to apply a range of data gathering techniques and use evidence from multiple sources.

Even if case studies are complex because they generally involve multiple sources of data, they may include multiple cases within a study and produce large amounts of data for analysis. Researchers from many disciplines use the case study method to build on theory to produce new theory, to dispute or challenge theory, to explain a situation, to provide a basis

to apply solutions to situations, or to describe an object or phenomena (Dooley 2002). The use of this method has enabled me to explore the problems from different dimensions.

3.5. Methods of Data Collection

For all intents and purposes, there is a distinction between methodology and methods in any kind of research, where the former deals with characteristics of methods, the principles on which they operate, and the standard governing their sections and applications. While, the later refers to the technical practice used to identify research questions, collect and analyse data and present findings (Payne and Payne 2004). Even though methods are primarily considered as tools or techniques in a research, not all methods are pertinent to investigate a particular situation. Because each and every method or technique has its own pros and cons thus, all these methods cannot be combined together.

I applied survey questionnaires, in depth interview of cases, key informant interview, FGD, non-participant observation, and field notes methods to generate data for the study. I discuss each of the data collection methods and explain the reasons for using the respective method in the context of this study.

3.5.1. Survey Questionnaire

McLafferty (2003:87) notes that “survey questionnaire as a research method for gathering information about the characteristics, behaviours, and/or attitudes of a population by administering a standardised set of questions or questionnaires to a sample of individuals”. The method has been used by geographers to explore the people's perceptions, attitudes, behaviours and spatial interactions in diverse place contexts. In this regard, it was chosen because of its advantages. With the help of this method I was able to gather data on demographic and socio-economic profiles of women; numerical data on economic and social impacts of OMFP on women status both at household and community level; factors affecting women participation in the micro finance programs; women's perception of empowerment; as well as to triangulate data which were generated through qualitative methods.

I prepared a survey questionnaire based on the objectives of the study and the subsequent research questions. It had both open and close-ended questions since each of this has its own merits and demerits in eliciting information from the OMFP beneficiaries. The combined questions helped me to fill the gaps that were found in each form of question. In so doing, my

research assistants¹⁰ and I interviewed a total of one hundred one micro finance beneficiary women and filled the questionnaire in a face to face manner. In other words, fifty six women from *Nechsar* and forty five women from *Siquela Kifileketema* were interviewed respectively. For the interview, an Amharic version questionnaire was used to generate the data. In this case, I translated the questionnaire into Amharic for the purpose of clarity and easy the process of data collection.

3.5.2. In depth Interview of Cases

Yin (1994:84) observes that “interview is one of the most important sources of case study information”. It is an essential source of information because most case studies are about human affairs. In addition, in-depth interviewing is attracting considerable attention in geography, and as our knowledge of the method broadens, our questions and concerns reflect greater sensitivity to a complex set of personal, political, and place-based processes (Valentine 1999). I used the method as it is suited to generate intensive data concerning experiences, feelings, emotions, and responses by the other person. In line with this, it is argued that qualitative interview is a great adventure: every step of an interview brings new information and opens windows into the experience of the people you meet. Through this method one can understand experiences and reconstruct events in which one participated (Rubin and Rubin1995).

Mikkelesen (1995) also argues that in depth and open interviews attempt to reduce the non-sampling errors by paying close attention to putting the person at ease, asking questions in a number of different ways to reduce the chance that the question was misunderstood, eliciting longer answers the person and to ensure that the researcher understands what is being said and a host of other such techniques. I wanted to make use of it because an interview increases the relevance of questions being asked. Using in depth interview of cases, I interviewed a total of fourteen women composed of three groups (beneficiaries, ex-clients, and non-participants) from the chosen *Kebeles*. Because one of my objectives was to investigate factors affecting women participation in the micro finance programs, the use of mixed methods forced me to cross-check the data from three groups of women and assesses the information from institutional, personal, and contextual perspectives.

¹⁰ I had four research assistances, (one degree holder; one grade 12 student; and two diploma holders, one from each sex). Above all, she was my gatekeeper assigned by her office (Children and Women Affair) to assist me assuming that she knows many of the clients as her work involves them.

3.5.3. Key Informant Interview

Payne and Payne (2004) suggest that key informants are those whose social position in a research setting give them specialist knowledge about other people, processes, or happenings that is more extensive, detailed or privileged than ordinary people, and who are therefore particularly valuable sources of information to a researcher, not least in the early stages of the project. I used the method in order to collect depth of information pertaining to OMFI; institutional related factors affecting women participation in the micro finance programs; initiatives and activities so far done on women empowerment from the key informants' perspectives than women's views only.

Key informants of this research were two women representatives working on women's affairs in the two selected *Kebeles*. These women played gatekeeper roles to find participant women who my research assistants and I were unable to get to. I also interviewed a person who is in charge of the town's women and children empowerment core process; two branch and sub-branch managers of OMFI; as well as other relevant individuals who contributed data for the study. I decided to use the method in hopes that these informants would provide me both confidential and accurate data regarding the issue from their own point of views. The rationale behind was that it is a praised method to elicit new ideas and unanticipated information which might be significant for the objective(s) of the research that cannot be accessed through other methods.

In view of this, I prepared interview questions pertaining to the key informants as a tool to gather the necessary information in an attempt to answer the research questions. Particularly, I was able to generate data on one of the specific objectives, i.e. to identify the objectives and components of OMFI through the two key informants [branch and sub-branch managers] and organizational reports, brochure, working manuals, and other related documents.

3.5.4. Focus Group Discussion

Gatrel and Elliot (2009:80) highlight that "a focus group is a collection of a small number of people (usually between 4 and 14) that meets to discuss a topic of mutual interest, with assistance from a facilitator or moderator". Usually, the group members are „key informants“ who represent particular position or interest. I carried out a total of four FGDs (two with participants) and (two with non-participants women) in which, I conducted one FGD in each *Kifileketema* in both cases. Since, I used mixed research methods, whose main concern is triangulating data from different sources using different data gathering tools about the same issues under investigations.

To do the FGDs I intentionally chose women who share some experiences, feelings, perception, and ideas on the points of discussion and could contribute data for the study purpose. In the course of conversation I had a facilitator, who was one of my research assistants; I recorded and took notes concerning the discussion with the help of FGD checklist I prepared in advance (Appendix A). The method was actually chosen with the intention of getting the overall pictures of different points of views on the topics of discussion and to look into multiple realities of the topic under concern.

3.5. 5. Observation

According to Marshall and Rossman (1995:79) the term observation “entails the systematic noting and recording of events, behaviours, and artefacts in a social setting”. I used the method to generate data on what is really happening and why it is happening in a particular context. I employed non-participant observation. In this type of observation the researcher does not engage with the groups under study, rather he/she makes clear the objective(s) of the study for the people being observed. Due to this, it has been said that in straight observation the researcher is a visible and detached observer of a situation (Kitchen and Tate 2000).

Once observed, I tried to interpret the events based on what was being observed. I observed the types of activities women do, places of work, assets owned, improvements made, challenges they face especially working place, institutional set-up as well as the overall conditions of women in the study area. These observations have helped me to make comparisons with what they had earlier and what things have been improved owing to their participation in the micro finance programs, in general and observable factors hindering women back from participations in the programs, in particular.

Frankfort-Nachmias and Nachmias (1996) indicate that the major advantage of observation as a technique is its directness. Rather than asking people about their views and feelings you watch what they do and listen what they say. This directness provides a degree of validity as it concentrates upon what people really do as opposed to what they say they will. In the field I took as many possible as photos which were thought to exemplify the cases and support the qualitative data in the analysis sections.

3.5.6. Filed notes

Field notes are those records that are written during the fieldwork for future use. Bernard (1994:191) suggests that the difference between fieldwork and field experience is field notes. Field notes are not small scribbles that you make on a piece of paper, but consists of a system which helps you plan, observe, record, and interpret all facets of your field experiences. A human mind as great as it may be in collecting, analysing and storing data is not perfect. As a consequence, it is impossible to remember all the important details of the fieldwork.

With this in mind, I applied field notes as one of the data gathering methods of the study in an attempt to substantiate data produced by other methods. In which, I exhaustively considered all the observation, interviews, and interactions to keep up-to-dated and avoid distortion of information provided differently in the same scenarios from similar individuals.

3.6. Types and Sources of Data

Both qualitative and quantitative data were generated from primary and secondary sources. Secondary data were obtained from books on related issues, scientific journals, articles, magazines, reports from organisation(s), research papers, and different web sites with the purpose of substantiating data collected from primary sources in general, and assess previous works on related issues in endeavours to contribute for the gaps between previous studies and this work, in particular. Once again, background data of the study area were obtained from Gamo Gofa *Zone* bureau of finance and economy, culture and tourism, the town municipality, and CSA reports.

3.7. Method of Data Analysis

In the course of doing both qualitative and quantitative data collected from primary and secondary sources were analysed, summarised, and presented by employing qualitative and quantitative method of data analysis. This was done with the underlying assumption that no single research approach is free from problems. To this end, qualitative data were analysed in line with the idea of Dey (1993) cited in Kitchin and Tate (2000) three key strategies for the analysis of qualitative data, which consists of description of data, classification of data, and seeing how concepts interconnects.

Initially the data were transcribed as they were; then classified into groups based on their similarities and differences; at the end I made connections between the data in order to construct the whole pictures of the study. In so doing, all these processes did not happen in

the same way rather they occurred concurrently while working on the data I was transcribing the cases interviewed or observed in the field. Thus, Kitchin and Tate (2000:231) indicate that “the process is more iterative than linear”. That is, while classification cannot precede description, and the making of connections cannot precede classification, we can go back to modify the previous task and to take a new route into the next task (Kitchin and Tate 2000:231).

Data collected through survey questionnaire was analysed, summarised, and interpreted using axial coding method. Mikkelesen (2005:182) notes that “axial coding is the process of relating categories to their sub-categories, termed as „axial“ because coding occurs around the axis of a category, linking categories at the level of properties and dimensions”. It is to say that, I primarily set out the themes to be analyzed such as demographic and socio-economic profiles of micro finance beneficiaries; economic and social impacts of OMFP at household and community level; factors [institutional, personal, and contextual related]. Having set out the themes and defined related variables, SPSS software, 17th version was used to code, compile, and analyze one hundred one sampled beneficiaries of OMFP and present the results in various ways.

The main statistical tools employed include percentage, frequency, table, pie-chart, bar-graph, Pearson's chi-square test of independency and bivariate correlation (Pearson's coefficient of correlation) between some selected variables. The quantitative results were further explained with the help of qualitative data, which were obtained from in depth interview of cases, OMFI working manuals, and other qualitative methods of data collections. I tried to create a link between the findings of this study with related literatures in going back and forth manner to substantiate issues whenever it is necessary.

3.8. Ethical Consideration in the Fieldwork

In any research, one should be aware of ethical issues throughout the research process if it is aimed to achieve the objectives of the study. This is because, “fieldwork involves intervention in people's lives” (Lund 2002 cited in Tatek 2008:64). This intervention has a positive intention, but it may have unintended negative consequences. Kitchin and Tate (2000:35) observed that “research ethics are concerned with the extent to which the researcher is ethically and morally responsible to his/her own belief”. Cognizant of this, I precisely informed my respondents about the objectives of the research, the types of data I

sought in the respective setting and respondents' roles in the process of data collections both orally and in written form depending on the contexts.

I received verbal consent from women when I met them for the interview and FGDs as well as took permission to take photos. I used the letter; I received from the Institute of Regional and Local Development Studies of AAU whenever I want to get data from offices pertaining to my study. To go through I explicitly disclosed that this study is purely for academic purpose and promised them about my confidentiality. My research assistants were trained before the actual fieldwork and in that way they became aware of ethical issues in the fieldwork. I also thanked those individuals in different offices who provided me information concerning the study and roles they played in the fieldwork.

Moreover, I exerted efforts to take the middle position in analysing, summarising, and presenting the findings of the research as opposed to preoccupying the study results and took positioning, which could potentially distort the views of the respondents. I did this because research ethics are not only delimited to the field environment but also work in the other parts of the research so as to arrive at valid conclusions.

CHAPTER FOUR

HISTORICAL DEVELOPMENT OF ARBA MINCH TOWN

The town was established in 1963 with the original ethno-linguistic name called “*Garó*”. The name “*Garó*” is derived from the Gamogna language. Meaning that “a spiritual power place where the communities gather and scarify animals believing that it will save the life of the communities from various risks” (AMTM 2009). Later it has got its current name, Arba Minch, literally mean “the 40 springs” being derived from its natural endowments of the forty springs found in the dense forest and South of what is locally called “*yeegizabeher dildiý*” or “God’s bridge”, which connected the two neighbouring Lakes (Abaya and Chamo).

From the year of its establishment, Arba Minch town has been serving as different administrative centres. It was the capital of the former Gamo Gofa province in years between 1975 and 1988. Later, it was considered as the capital and political administration centre of North Omo *Zone* in years between 1989 and 2000. Since, 1985 with the implementation of urban investment policy, (establishment of educational and training institute, airport, textile factory, state farm etc.) an increased socio-economic opportunities were provided and thereby promoted the town growth (NEA 2002 cited in Ababu *et al.* 2007). Following the fall of the *Derge* government, Arba Minch was declared as, *Zonal* capital and thus assumed its function as the political seat as well as administrative centre of Gamo Gofa *Zone* government offices (AMTM 2009).

At present, the town is the centre for administrative functions of the Gamo Gofa *Zone* and second ranked town next to the regional capital, Hawassa. It is administratively divided into four major *Kifileketemas* namely: *Shecha*, *Nech Sar*, *Siquela*, and *Abaya*. Each major *Kifileketema* has three, three, three, and two *Kebeles* respectively and making eleven *Kebeles* in total. Yet the existing administrative structure and the overall urban functions are not efficient enough to the town's rhetoric development due to human factors and political situations (Ababu *et al.* 2007 and AMTM 2009).

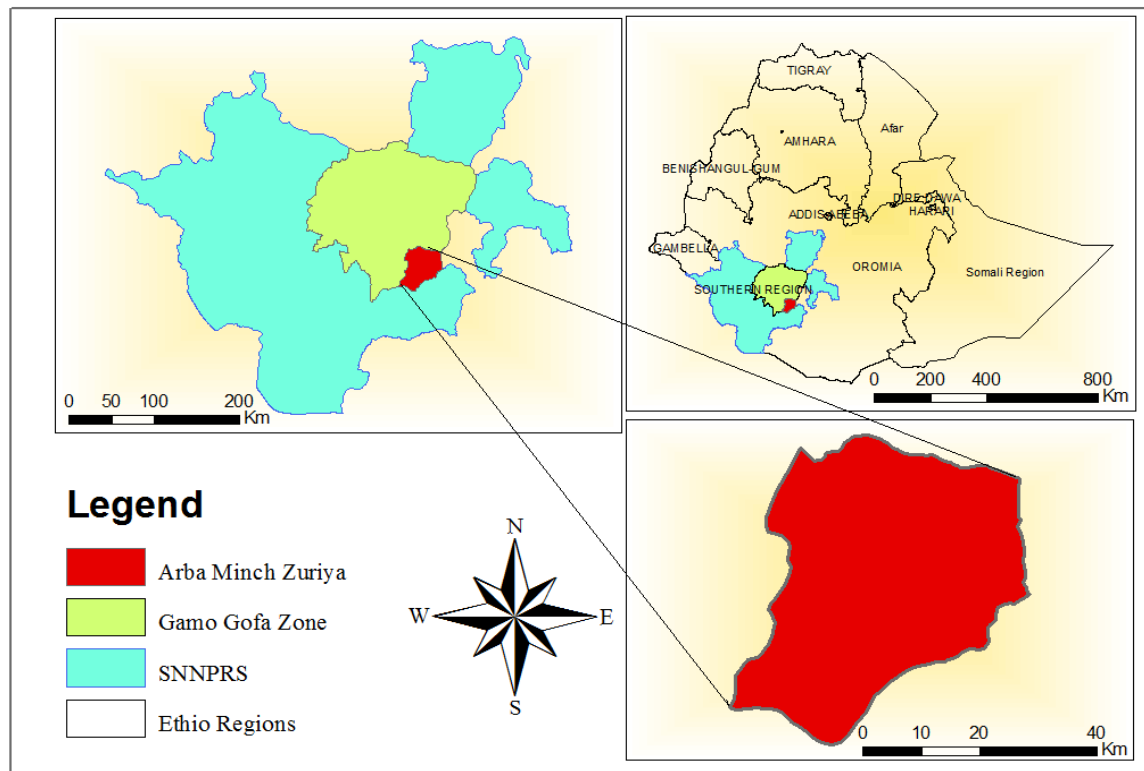
4.1. Location and Topography of the Arba Minch Town

Arba Minch is of the *Zonal* towns that are found in SNNPRS. It is the centre of Arba Minch *Zuriya Woreda* and Gamo Gofa *Zone*. It is located at about 505 Km South of Addis Ababa while 275 Km South of Hawassa, the regional capital. Astronomically, Arba Minch town is located at 6⁰2“ N Latitudes and 37⁰ 33“ E Longitudes. Relatively, the town is bounded in the

North, North East, and East by Lake Abaya, Lake Chamo in the South and in the West and North West by „Genta“ Mountain (Ababu *et al.* 2007 and ADEP 2010).

West and North of Arba Minch are steep and undulating chains of mountains and hills. It could be said that the topography of Arba Minch town slopes in the direction of North and North East from *Shecha* and *Nech Sar Kifileketemas*, gently dropping towards flat land in *Siquela* and *Abaya Kifileketemas*. The highest point of the town is towards *Shecha Kifileketema*, „Genta“ mountain and while the lowest point is found in the Eastern part of the town around Lake Abaya. The altitude of *Shecha* and *Siquela Kifileketema* is about 1500 and 1300 meter above sea level respectively. As a result, the town with this altitude is classified into lowland region in the country. The town's total area covers 5,556.62 hectare (ADEP 2010).

Figure 2: Location of the Study Area



SOURCE: CSA (2009).

4.2. Climate and Weather Condition of Arba Minch Town

According to SNNPRS, meteorological agency, the mean annual temperature of Arba Minch town ranges from 21⁰c to 26⁰c. The town gets its lowest temperature 21⁰c during the summer

season (i.e. July) and the highest temperature (26 °c) is recorded in March. The average temperature of Arba Minch town is 24 °c. Winter is the driest, hottest (days) and the coldest (nights) months of the year. With regard to rainfall, Arba Minch is classified under towns which are receiving rainfall below 1000mm. The amount and distribution of rainfall varies from season to season. However, it is characterized by bi-modal distribution of rainfall, with two rainy and two driest seasons occurring intermittently. Table 1 shows the highest rainfall of Arba Minch town is recorded during spring and the second rainy season is autumn mainly in October. The average rainfall amount of the town is about 929 mm. It is classified under „kola“ agro-ecological Zone.

Table 1: Monthly average temperature and monthly total rainfall

Seasons	Winter			Spring			Summer			Autumn		
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Tem(0c)	25.2	25.8	24.8	23.8	23.7	22.8	23.3	23.2	24.2	24.3	22.9	23.6
RF(mm)	12.8	83.9	137.4	115.4	129.7	126.2	24.4	75.2	42.8	158.7	103.3	118.6

SOURCE: National Metrological Agency of Southern Zone Arba Minch Station 2006.

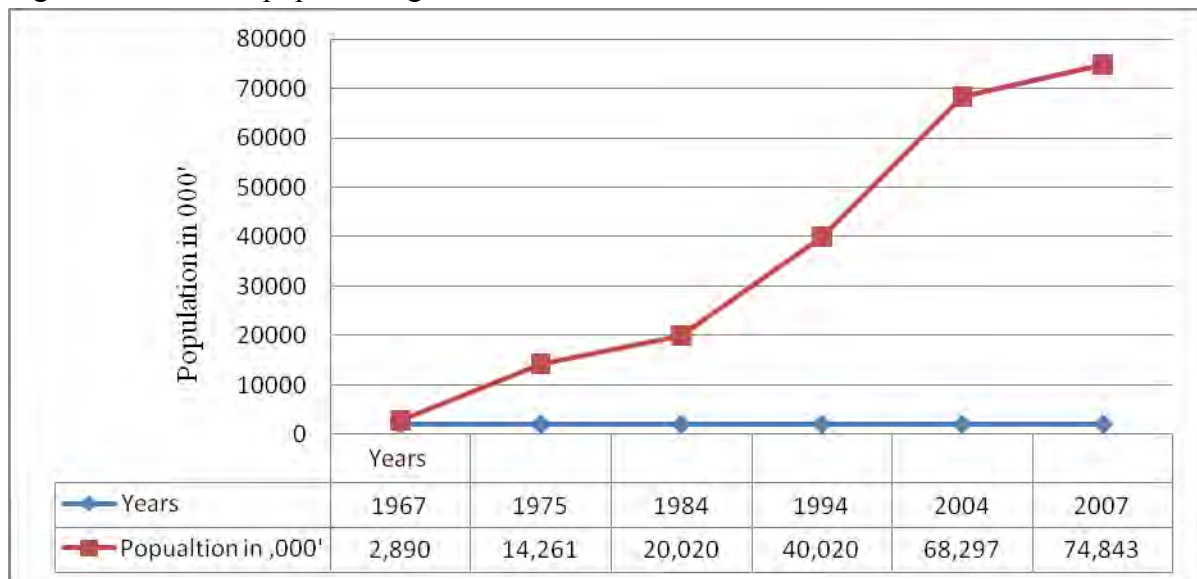
4.3. Demographic and Socio-economic Characteristics of Arba Minch Town

4.3.1. Population of Arba Minch Town

The population size of Arba Minch town in 1967 was about 2,890, which, was the benchmark population size of the official establishment of the settlement as a town. Within less than a decade, the population size of the town became 14,261 in the year 1975 growing at the rate of 19.95 % per annum (SNNPRS Population and Statistics Office 2004). The 1984 CSA revealed that the total population of Arba Minch was about 20,020 (CSA 1984). In 1994 census, the total population of the town had reached to 40,020. Out of these, 49.8 % were female population and the rest were males (CSA 1994). In the 2007 CSA report, the total population of the town has reached to 74,843. Out of these, 35,651 (47.6 %) were female population. The population of the town shares 4.84 and 47 % of the region's and *Zonal* urban population respectively. Besides, the town accounts for 4.76 and 46 % of the region's and *Zonal* urban female population respectively (CSA 2007:75-79).

In general, the population of Arba Minch town was believed to grow very rapidly and seen in its absolute number from 2890 in 1967 to 74, 843 in 2007. Hence, one can understand that the population of the town has increased by twenty five times from its initial population within the last four decades. This can be explained by the tremendous rural to urban migration, on one hand and the socio-economic development of the town, on the other hand. The trend of Arba Minch town population growth is summarized in Figure 3.

Figure 3: Trends of population growth in Arba Minch town



SOURCE: Own computation from (CSA 1984; 1994; 2007; and SNNPRS Population and Statistics Office 2004).

4.3.2. Age-Sex Composition of Arba Minch Town

The same data gives the overall sex ratio of the town to be closely 110 males for every 100 females. It indicates that there is more male population than females, which is not a case in most urban areas of Ethiopia. CSA (2007) report also shows the classification of the town's population based on broad age group in which, 31.5 % of the population is under the age group of 15 years. Conversely, the largest proportion (67.1 %) of the population belongs to the age group of 15-64 years. This is mainly due to the combined factors of rural to urban migration and the high birth rate in the town.

4.3.3. Fertility, Mortality, and Migration in Arba Minch Town

In most cases, fertility, mortality, and migration are considered to be the source of dynamics for a population. Because, it is through these three factors the population of a given area or country increases or decreases from its initial population. Each of the factors has its own causes and consequences on the socio-economic development of that particular area or

country. Table 2 depicts that the age specific fertility rate of the town has decreased from 5.31 to 2.685 in 1984 and 1994 respectively. The main justifications may be improvements in the health services in the town and increased awareness about family planning programs.

Table 2: Age specific fertility rate and total fertility rate of Arba Minch town

Year	Age specific fertility rate							TFR	TFR
	15-19	20-24	25-29	30-34	35-39	40-44	45-49	Arba Minch	urban
1984	0.0642	0.2347	0.2616	0.2262	0.1179	0.0705	0.0876	5.31	4.23
1994	0.02	0.132	0.135	0.131	0.0374	0.009	0.031	2.685	2.8

SOURCE: CSA 1984 and 1994.

With regard to the life expectancy and infant mortality rate, CSA (1984 and 1994) report indicated that the life expectancy of the town population was about 57.29 and 53.90 years respectively. It has decreased by four years from the previous census. The increase of infant mortality and decrease in life expectancy of the town may be explained by various factors such as low intake of balanced diets, gender biased feeding, poor sanitation and hygienic practices, on one hand and the spread of HIV/AIDS and others, on the other hand (Ababu *et al.* 2007). Table 3 presents the migrant and non-migrant population enumerated during the 1984 and 1994 census.

Table 3: Migrant and non-migrant population of Arba Minch town

Year	1984		1994		1984	1994
	Male	Female	Male	Female	Total	Total
% of migrants	53.61	46.39	50.46	49.36	22.86	62.37
% of non-migrants	46.08	53.92	49.14	50.86	76.46	36.52

SOURCE: CSA 1984 and 1994.

The data in Table 3 tells that a significant number of the town's population are migrants. It also reveals that the total number of migrant population of the town has increased nearly by three folds from the previous census.

4.4. Means of Income and Industrial Activities

The livelihood and sources of income for the town population are from diverse social and economic practices as it is true for other urban centres of Ethiopia. NEA (2002) suggests that, 23 % of the population are employed and 17 % have other fulltime work, 33 % do domestic

work, 11 % casual work, 5 % receive a pension and 10 % are unemployed. The other is marketing and fishing of fish catch in the Lakes. A major form of livelihood is rapidly emerging in the form of trade resulting from town's function as *Zonal* capital and the main marketing centre. It is expected that trade will surpass government employment as the main sources of income in the next 10 years (NEA 2002).

Arba Minch town is less endowed with the advanced machine processing production practices. Thus, most of the urban productions are done manually and mechanical. Still there are some industrial activities which are parts of the town's endeavours of development. These include: Arba Minch textile factory, Arba Minch state farm, fish processing factory, and some mechanically driven industries such as coffee and grain mills, wood logging machines, welding and soldering machines in garage and micro-enterprises.

4.5. Culture, Tourism, and Potentials

The town's population are a mix of different ethnic groups of the country. CSA (1994) report showed that the ethnic groups of the town are Gamo, 43.86 %, Amhara, 24.82 %, Oromo, 7.79 %, Wolaita, 7.09 %, Gofa 4.79 %, Tigre, 1.94 %, Konso, 1.86 %, Koyra, 1.32 %, and 6.51 %, others respectively. The same data revealed that the overwhelming majority of the population belong to Orthodox Christianity (75.53%), followed by Protestant (18.74 %), and 3.86 %, are Muslims. With regard to the religious affiliation of the town population, there is huge difference between Orthodox and others compared with many urban areas of the region. This may be justified by the historical development of the town. Arba Minch is highly endowed with resources for the development of industry but they are not fully exploited yet. The availability of the immense and untouched natural resources could be the opportunities for the town's industrial development.

CHAPTER 5

THE INSTITUTE: OMO MICRO FINANCE

5.1. Introduction

In this chapter I have briefly presented the general background information of OMFI. I also highlighted on the objectives and components of the micro finance programs. This in turn, will be referred when discussing the economic and social impacts of OMFP as well as constraints to women participation in the programs in chapter six and seven respectively.

5.2. The Overview of Omo Micro Finance Institution

OMFI was established in line with the MFIs establishment proclamation No 40/1996 in August 14, 1998 in SNNPRS. Since then, it has started its micro finance intermediation in the SNNPRS after it was licensed by NBE in 1997 with active clients of over 120,000; it has become the fourth largest MFIs in Ethiopia (AEMFI 2008). In 2003, the number of women clients accounted about 38 % of the total clients (OMFI 2003). Currently, OMFI has fourteen branches and one hundred forty seven sub-branches in which, more than 900 staff members are employed to offer its services (OMFI 2007).

Arba Minch town is one of the fourteen branch offices of OMFI, which are opened in the region. It was established same year with other branches to provide financial services for the residents of the town. It has distributed around 229,724,446.23 *birr* for its clients, and the clients' number has reached to 49,757. Its main responsibilities are controlling, leading, and co-ordinating all operational and financial activities of nineteen sub-branches within the *Zone* (OMFI 2010). Across the branches and sub-branches the operational and working systems is one and the same. The working manual has been distributed from the head office Hawassa to the operational areas so as to have uniformity in the working systems of the institute. Also, it has aimed to reduce inconsistencies of working systems in all the branches and sub-branch offices.

Specifically, the sub-branch office in the town has started exclusively to provide both financial and non-financial services to the residents' in 2005. Before that, it had been providing services regardless of its operation area (urban and rural) upto its establishment. However, with the increasing number of clients the town has opened a sub-branch, which is administered under the branch office as other sub-branches of the *Zone* with the aim to make

its services accessible to the eligible clients in the town. In short, the branch and sub-branch offices have a total of twenty employees (ten in each office), out of which five are female employees and three are guards (one in branch and two in the sub-branch) office respectively.

5.3. Objectives of Omo Micro Finance Institution

As many other MFIs of the country, OMFI has its own vision, mission, and objectives which are expected to achieve. So that, it can play its role in the process of “making poverty history” in the region and contribute for the development the country. The vision of OMFI is able to provide both reliable and sustainable financial services for those who are capable to work but lacked the financial capacity thereby to make the institute competent in the country in 2018. In order to accomplish the vision, its mission will be working in cooperation with government and NGOs with the hope to provide quality, efficient, and sustainable financial services for people who are capable to work but lacked the financial capacity and in that way to contribute in bringing fast and sustainable economic growth in the country. Wolday (2001) identified that the major objectives of micro finance institutions in Ethiopia are its users as policy instruments to enable rural and urban poor to increase the output and productivity, induce technology adoption, improve input supply, increase income, reduce poverty and attain food security. However, some of the specific objectives of the respective MFI in regions“ of the country vary depending on the context(s) of the region. In line with the vision and mission, OMFI has devised objectives into two groups (OMFI 2007 and 2010). These are the objectives of credit and saving services.

I) Objectives of Credit Service

- To supply credit services for urban and rural residents and protect them from high interest rate of informal money lenders.
- To support the socio-economic development efforts of the region financially in the form of credit.
- To make possible women's activate clients and strengthen their economic capacities.
- To offer credit services for technical and vocational graduates to change their knowledge and skills into practice.
- To give credit service for both unemployed youth and women to make them innovates and self-sufficient.
- To improve the quality of service delivery and assure maximum clients satisfaction.
- To enable MSEs using credit as an input and be a base for sustainable development.

- To make available micro credit services to urban areas for the implementation of industry and urban development strategies.
- To facilitate the urban and rural poor communities get access to credit services and increase agricultural production and productivity (OMFI 2007).

II) Objectives of Saving

- To promote the poor people abilities and potentials to create capital.
- To inculcate the habits of saving within the society and strengthen thorough time.
- To facilitate the expansion of saving in the urban areas of the region.
- To reinforce the sustainable credit competence of OMFI (OMFI 2007).

In general, the objectives of OMFI can be broadly categorized into capacity and socio-economic development, self-employment and IGAs, awareness raising and promotion of saving, efficient service delivery, fighting poverty and creation of employment opportunities.

5.4. Components of Omo Micro Finance Institution

5.4.1. Credit and Revolving Fund

Credit service is one of the major components of OMFI. Its start-up capital was obtained from two major sources. 80 % is sponsored by the government and 20 % through saving mobilisation from individuals and financial aid from donors. It provides credit in the form of small scale business, handcrafts, and agriculture production. The first two types of credit services are mainly provided for the residents of urban areas of the region. However, it is upto the clients to participate in either types of credit depending on their interests and the profitability of the intended activities (OMFI 2003 and 2007).

Concerning collateral, OMFI allows clients to bring either property or salary of a grantee, which in turn, is determined by the size of the loan. If the size of the loan is high, a client is requested to bring property collateral instead of the later. The later must cover a third of the loan money, in case he/she fails to repay as per the repayment schedule of the institute (OMFI 2007).

Revolving fund is one aspect of credit. In the context of my study „revolving fund“ refers to IGAs funded by NGOs that are working in collaborations with children and women affair office of the town and the region. It is primarily given for women who are domestic workers and engaged in a commercial sex work. The loan will be given after certain trainings on IGAs

and business management skills. It is assumed that lack of such a revolving fund might cause for miss-utilization of the loan money and assures the failure of IGAs projects funded by NGOs for now and foreseeable future. This is the reason that; “AD is frequently identified with development by NGOs” (Drabek 1987). The active participation in introducing development and working for the betterment of the poor's, marginalized, and most vulnerable people led scholars to conclude that “AD is development from below” (Nederveen-Pieterse 2001:75). The money is channelled through OMFI and aimed to assist women to be engaged in IGAs as opposed to their previous situations. I had also the chance to visit women who are the beneficiaries of this project. As a result, most of the women were found to use the loan for the intended purposes and changed their lives.

5.4.2. Saving

Saving is the second major components of OMFI. It is a pre-request for the clients to get participated in the credit program regardless of the forms of credit. Theoretically, it is assumed that group saving can reinforce group solidarity, help to meet emergency credit need for other purposes and sustain the groups collective efforts. OMFI pursues an open saving policy of accepting saving and deposit from borrowers and non-borrowers (individuals and institutions). It provides three major types of saving. Viz, compulsory, voluntary, and time bound saving. Non-participants can save in the institute in the form of voluntary and time bound saving than compulsory (OMFI 2003 and 2007).

Compulsory saving is one form of saving, where clients are expected to save some amount of money deducted from the initial loan. For which the institute adds 4 % interest rate per annum until the credit is paid back. Besides, clients continue saving as per the repayment schedule until he/she finishes the debt. Having finished the repayment, clients can withdraw their compulsory saving including the interest. When borrowers receive first round loan, it is a must to save 10 % of the received money as compulsory saving, this in turn, has 4 % interest per annum. In the second round, the % of initial saving decreases to 5 % but same interest rate will be added on yearly basis (OMFI 2003 and 2007).

Voluntary saving is the other form of saving and determined by the borrowers and non-borrowers willingness to save in the institute. It is upto the clients to withdraw their saving at any time without any restriction (OMFI 2003; 2007). Time bound saving is the third form of saving wherein both participants and non-participants can save their money for fixed period of time. In this form of saving the minimum amount of money is more than 5000 *birr* and the

time bound will be three months. The interest rate for the saved money is 6 % per annum but the interest rate is subject to change if the time bound exceeds from the normal condition (OMFI 2007).

In a nutshell, OMFI assumes that compulsory, voluntary, and time bound saving as one component of its programs. However, women involvement is highly manifested in the first two types of saving than the last, time bound saving. This is because the minimum amount of time bound saving is 5000 *birr* while compulsory saving is a pre-requisite to participate in OMFP.

5.4.3. Training

Training is the other major components of the programs. It is aimed to enhance the skills and experiences of the participants and to raise their social awareness. Using the training experiences participants are hoped to improve their socio-economic conditions in the program operating areas of the region (OMFI 2003; 2007; and 2010). In so doing, OMFI offers awareness creation training for clients on some policies and procedures of its operations. Such pre-credit training may provide background information for clients so that they can decide either to participate or not to participate in the programs.

The training involves two basic forms. These are basic and skill trainings. In the former case, it is a compulsory for all borrowers to attain the trainings especially those of group borrowers. This is designed to strengthen the group solidarity and promote the ideas on business management, repayment system, and reapplication for other rounds. The later, is based on the needs of the clients such as technical trainings, marketing and participation in IGAs. These trainings are given from three to four days depending on the receptive capacity of the clients before the credit program. This is what Kabeer considers as:

“Empowerment from below” that entails transforming consciousness, which arises out of ...newly acquired access to the intangible resources of analytical skills, social networks, organizational strength, solidarity and a sense of not being alone (Kabeer 1994:264).

This can be promoted through group organization, awareness-raising, and popular education strategies (Kabeer 1994).

5.4.4. Monitoring and Follow up

Monitoring and follow up is the last but not the least major components of OMFI. The main purpose of monitoring and follow up of clients is to check the proper implementation of

business plan and use of the loan money for intended purposes. It also assesses the opportunities and challenges that clients face in the business activities and look for alternatives to overcome the problems to achieve its objectives. Still this has remained theoretical because in practical terms OMFP in the study area focuses on its operational activities than the clients. For instance, interview with the branch manager reveals the paradoxes of the case in practice as:

We do not have such a mechanism for clients practically and give them the chance to say on the strengths and weaknesses of the credit program. Rather we do only business related issues because we have many things to do in office (Interview with Branch Manger February 14, 2011).

Confirming the case, one of the clients suggested that:

They OMFI program coordinator(s) worry about their money to be paid back. But, they do not encourage and see how we work. What is amazing; is that they insist us to licence/formalize our businesses for their further revenue source yet they do not know how we work and bring that money (In-depth interview on February 7, 2011).

But, in the institutional side the follow up and monitoring is effective regarding information for its operational purposes. The areas of follow up are collecting the socio-economic profiles of clients; amounts of loan distributed; amounts of loans and interest repaid; amounts of saving mobilised; amounts of saving withdrawn; and arrears collected (OMFI 2003 and 2007).

5.5. Policies of Omo Micro Finance Institution

A. Loan Size and Repayment Policy

OMFI provides micro business, agricultural, small investment, and working capital loans to its diverse clientele. Loan size and its repayment rate vary according to the types of credit services provided. For example, loan size for agriculture and micro business range from 200 to 5000 *birr*. For small investment and working capital loan starts with a minimum of 5000 *birr* based on the viability, profitability, and absorptive capacity of the client's enterprises or projects as well as the first cycle loans shall not exceed on average from 10, 000 *birr*.

But, with the ongoing market conditions the loan size has shown an increase for small scale business ranging from 2000 upto the maximum of 10,000 *birr* individually. In contrast, the maximum size of loan for group borrowers varies depending on the size of the group

members. The size of the group can range upto a maximum of five and a minimal of three people, wherein only one person is allowed to be a group member from a household.

According to OMFI (2003 and 2007) loan repayment or term refers to the timeframe within which the borrowed loan amount is expected to be repaid back. It structures loan repayment based on the maturity of the clients' businesses. So that clients are supposed to pay the loans on monthly, quarterly, semi annually, and annual bases. Except for those activities generating revenue only after a certain period time, the repayment term could be set at the end of loan term. Loan term for all agricultural and micro business range between three months to two years based the on types of activities financed.

B. Lending Rate Policy

The same document highlights that, OMFI practises the policy of charging appropriate interest rate. It is decided in line with the general interest rate policies of the country, organizational total expenditures, non-refundable money, small amount property substitution cost, and the purchasing power of the money in the market. Given the conditions, OMFI charges ten % interest rate on all term loans using decline method¹¹.

It also adds 2 % service charges on all forms of its loans and deserves the right to change the lending rate depending on market situations and its cost structure (OMFI 2003and 2007).

C. Policy of Penalty

One mechanism of discouraging failure to pay among other things would be imposing penalty on non-repayment or late payment. OMFI encourages its clients to achieve repayment of loans and interest as per the agreement and payment schedule. Failure to settle both, principal and interest in time entails penalty. The penalty rate on late payment is charged as non penalty upto 30 days; 0.5 % of loan amount for 31 to 90 days; 1 % of loan amount for 91 to 270 days; 2 % of loan amount for 271 to 365 days; and 3 % of the amount of loan for more than a year late payment (OMFI 2003 and 2007).

5.5. Credit Delivery Methodology

OMFI uses both packaged and non-packaged/regular credit delivery methodology. According to OMFI (2003) a packed based credit delivery refers to a group credit organized in line with the region's MSEs rules and regulations. It is mainly given for six specified types of business

¹¹ It is a method in which the amount of interest rate decreases as a client or a group of clients pay back the loans as per their agreements and continues until the debt is totally paid back.

activities, these in turn, consist of thirty three business segments. The packaged based credit service delivery is generally categorized under MSEs. This is because on the basis of the loan size and groups, MSEs are further named as micro enterprise with the working capital between 20,000 to 50,000 *birr* and small enterprises with working capital above 50,000 *birr*. With regard to group formation, seven to ten small groups join together to form a centre, which could be formed of purely female, male or mixed groups. The centre members choose their leaders on rotating basis for the effectiveness of the group business and reinforce solidarity.

Alternatively, non-packaged/regular credit delivery methodology refers to micro finance mainly provided for agricultural production, small scale business, and handcrafts either in the form of a group or individually. It is provided in line with the eligibility criteria of the institute for the residents of both urban and rural areas in the study area, in particular and the region, in general. The later credit delivery methodology is the concern of my study because the size of loans, loan terms, and even the group sizes are greatly different from the packaged based credit delivery methodology (OMFI 2003).

5.5. Summary

In this chapter, I have provided the overview of OMFI and its program components. I have briefly summarized the objectives of OMFI into two broad categories. I.e., objectives of saving and credit service where, the bulks of objectives are oriented towards the provision of credit services to the residents of the programs operational areas in SNNPRS. It is evident that the objectives and components of OMFI have some uniformity with the MFIs of Ethiopia but the OMFI objectives look over ambitious. This is because one of the critical challenges of OMFI is “lack of available money for credit” yet many of the objectives are aimed to provide credit services. Finally, I highlighted on the credit delivery methodology of OMFI, which is also similar with MFIs of the country.

CHAPTER SIX

ECONOMIC AND SOCIAL IMPACTS OF OMO MICRO FINANCE PROGRAMS AND WOMEN PERCEPTION OF EMPOWERMENT

6.1. Introduction

This chapter is divided into three sections. In the first section I will briefly discuss the demographic and socio-economic profiles of beneficiaries. In section two I will thoroughly discuss the economic and social impacts of OMFP on women status at household and community level. In so doing, I have set indicators¹² so as to measure and analyze the impacts. Finally, I will present the definition(s) of empowerment from women point of views.

6.2. Demographic and Socio-economic Profiles of the Beneficiaries

6.2.1. Marital Status of Beneficiaries

Marital status is one the fundamental social function among all communities of the study area. As can be seen from Table 4, the bulks (54.5%) of the clients were married, followed by widowed women (15.8%). Hence, the data discloses that over three quarter of the interviewed clients have formed their own families. This in turn, can have its own impact when a client demands for collateral, be it property or salary of a grantee in respect of unmarried women. But, this does not tell about the existing marital status of the town rather it gives crude information about the women undertaken in the study.

Table 4: Marital status of beneficiaries

Marital status	Single	Married	Widowed	Divorced	Co-habitation	Total
N	9	55	16	8	13	101
%	8.9	54.5	15.8	7.9	12.9	100

SOURCE: Field Survey February, 2011.

Note: N shows the number of beneficiaries and %, percentage respectively.

¹² Women empowerment in this study is measured by changes in women's occupation vis-à-vis previous; changes in income level; personal saving account; saving in different forms; asset accumulations; improvements at household for economic impacts/economic empowerment. The social impacts/social empowerment are measured in terms of change in decision making; reduced domestic violence; change in confidence; reduced work load; freedom of mobility; participation in social organizations; increased awareness about women's role; and attitudinal changes towards women.

6.2.2. Age in Years of Beneficiaries

Table 5, presents the age groups of participant women in the OMFP. Accordingly, around 44 % of clients were in the age group of 21 to 30 years old. A significant number of clients (36.6 %) were in the age group of 31 to 40 years. Although the age groups of 21 to 40 years accounted about 80.2 %, the entire clients were found to be economically active age groups (15-64 years). This could be one of the reasons for clients to bring practical changes in their lives after the loan program, as they were previously dependant on their family members mainly for lack of start up capital. Now the situation has been changed owing to their involvement in the micro finance programs than they used to be. The data shows that being in economically active age groups was very important for clients to be able to bring economic and social gains in their lives through participation in the micro finance programs. This finding is also consistent with CSA (2007) report that the largest proportion (67.1%) of the town's population belongs to the age group of 15-64 years.

Table 5: Age in years of beneficiaries

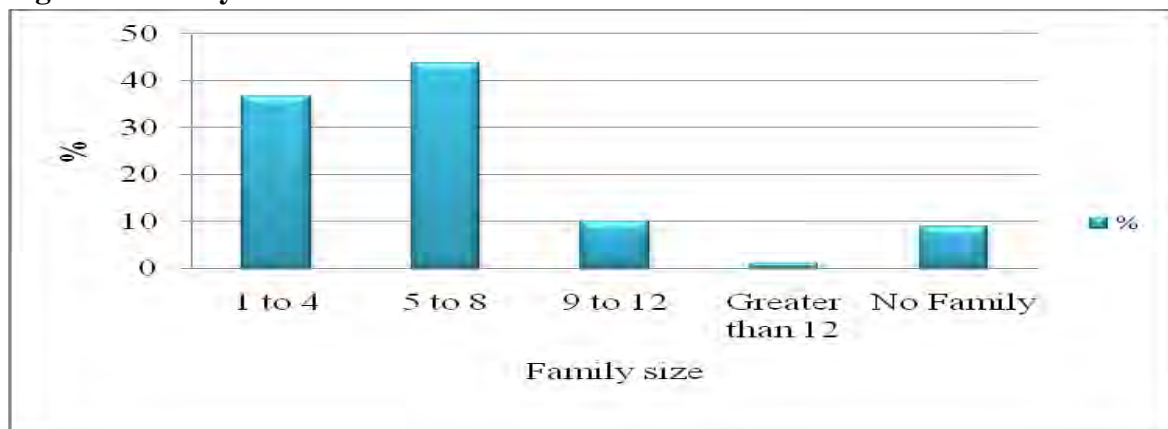
Age in years	N	%
<20 years	1	1
21 -30 years	44	43.6
31-40 years	37	36.6
41-50 years	17	16.8
>51 years	2	2
Total	101	100

SOURCE: Field Survey February, 2011.

6.2.3. Family Size of Beneficiaries

Houshold sizes are very essential demographic components that can be utilized when analysing the economic and social impacts of OMFP on clients status at houshold and community level. With regard to the filed survey, more than 40 % of the beneficiaries had family size between 5 to 8, and a considerable number (36.6 %) of women had family size between 1 to 4. Some of the unmarried women who did not have children, help their family members out of their earning. The study finding agrees with the 1994 CSA report on the avearge houshodl size of the town 4.5 person. Therefore, it can be siad that majority of the women support large family size. The survey results are summerized in Figure 4.

Figure 4: Family size of beneficiaries



SOURCE: Field Survey February, 2011.

6.2.4. Educational Level of Beneficiaries

Education is one the key factors and the most powerful tool to bring the desired socio-economic changes in a given society. It also reflects the level of society's development lacks. Without education and relevant training the development of society is seriously hindered utmost. Regarding the study, about (36.6 %) of the clients were educated and their educational level ranges from 9-12 grades, followed by 7 to 8 grade completed, 24.8 % (Table 6). At aggregate level, nearly (53.4 %) of clients were educated in a sense that their level of education comprises secondary complete, vocational and technique school, certificate and above. The data implies that education is the bed rock for women to handle business related issues *vis-à-vis* those of women at the lower level (Section 7.4.2).

Table 6: Educational levels of beneficiaries

Level of education	N	%
Illiterate	10	9.9
Elementary (1-6)	25	24.8
Junior (7-8)	12	11.9
Secondary (9-12)	37	36.6
Vocational and technique school	10	9.9
Certificate and above	7	6.9
Total	101	100

SOURCE: Field Survey February, 2011.

6.2.5. Previous Occupations of Beneficiaries

As far as the importance of own job is concerned, Carr *et al.* (1996:6) argues that “by definition, people owning and managing their own organization are more empowered than those who are beneficiaries of someone else's organization”.

Conversely, as it is shown in Table 7 women previous occupations accounted for 29.7 %, 27.7 %, 18.8 %, and 11.9 % housewife, work in private business, students, and unemployed respectively. The reason for the insignificant number of government employed clients in OMFP is due the rigidity of client selection criteria in which, the emphasis is given for unemployed women than “low income civil servants”. However, OMFI (2003) clearly states that “low income civil servants” are eligible for credit service, in practical terms, it has remained problematic. This can be explained by the misinterpretation of the working manual in the operational area and bureaucracy, where low income government employees are viewed by venture of being employed than their real socio-economic conditions.

Table 7: Previous occupations of beneficiaries

Previous occupations of women (N=96 ¹³)	N	%
Housewife	30	29.7
Student	19	18.8
Maid servants	6	5.9
Unemployed	12	11.9
Government Employed	1	1
Private Business	28	27.7

SOURCE: Field Survey February, 2011.

Comparing the case before and after credit program, one of the beneficiary women describes her situation as:

I was a student and dependant on my family. Now, thanks to micro I am no more dependent on my family. One way or another I am able to contribute my part and declared my independency in many ways [socially and economically] (Field note, February 7, 2011).

Likewise, a woman explains a change in her occupation after credit program as:

I was engaged in petty trading in „guilt“/open market/ where I suffered under the difficult weather condition of the town. Fortunately, I switched off my work from petty trading to the town beautification association. Where I have my monthly salary and do other business activities in front of my house as opposed to the situations before I am quite better off. All these changes and „mental satisfactions“ are due to my participation in OMFP. I can say that credit has given women the opportunities to change their lives (Field note, February7, 201).

¹³ This does not include 5 % of the beneficiary women, whose previous occupations are not under the listed ones. Thus, the open ended question discloses the two categories of previous work (work in construction and town beatification association).

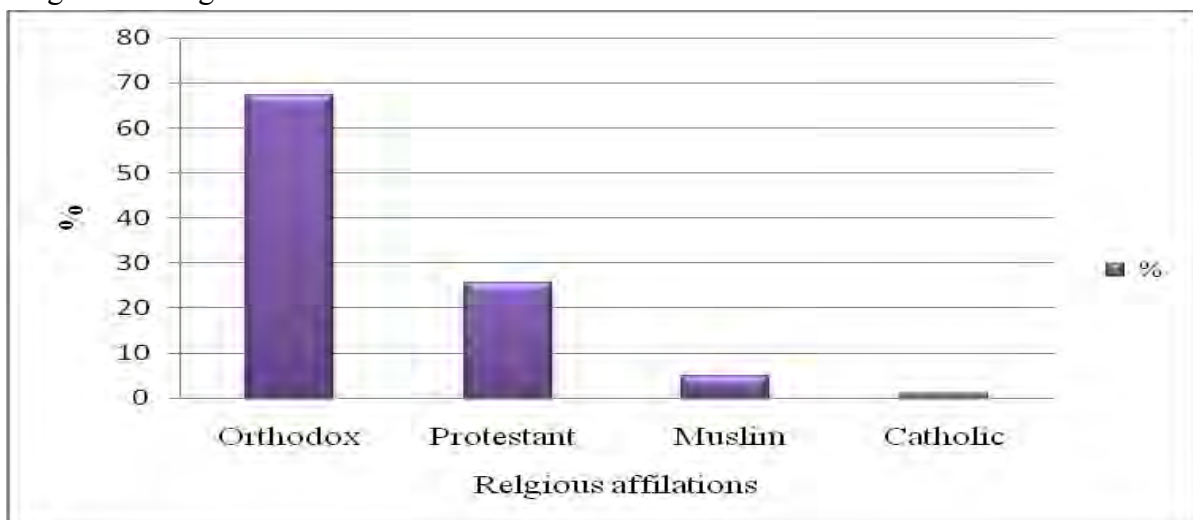
Referring the study results, it can be said that participation in the micro finance programs have opened opportunities for about two-third of women who were entirely dependents on their family members and strengthened some of women's previous businesses.

6.2.6. Religious Affiliation of Beneficiaries

CSA (1994) report shows that the overwhelming majority of the town's population belong to Orthodox Christianity (75.53%), followed by Protestants (18.74%) and 3.86 % are Muslims. More than two-third of clients belongs to Orthodox Christianity 67.33 %, 25.74 % Protestants, and very few (0.99%) were Muslims (Figure 5). From this, it is possible to conjecture that majority of the clients were Orthodox Christians. The field data is reliable with 1994 national census report of the town's religious affiliations. This may be justified by the foundation of the town and its subsequent historical development. The other explanation for small number of Muslim clients can be seen from religious beliefs towards credit program. For example, interview with one of the non-participant Muslim explained the same case and she forwarded her views on credit program from the religious angle as:

I was planning to participate in the credit program but I thought one thing [Quran, the hole book of Muslims], which does not allow anyone of the religion follower neither to receive nor to give own/others money for interest. It is highly banned if you truly obey the words of Allah. That is why; as to my understanding many of the Muslims do not give or receive their money for interest. Like many others, I do not need credit which has interest because it is „haram“ [not accepted] (In-depth Interview on February 8, 201).

Figure 5: Religious affiliations of beneficiaries

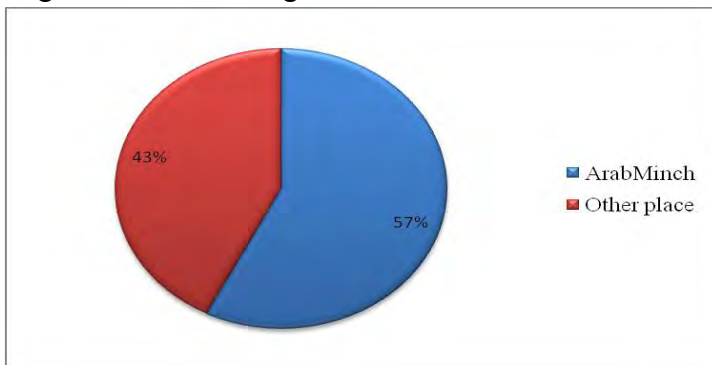


SOURCE: Field Survey February, 2011.

6.2.7. Place of Origin of Beneficiaries

With regard to the clients place of origin, more than half (57%) of them were from the town and 43% of clients were migrants (Figure 6). Even though large numbers of clients were migrants, the summary of qualitative data [their specific area] indicated that the great majority of beneficiary women were who migrated from the surrounding areas of the town and *Woreda* towns within a *Zone* as compared to those from other *Zones* and regional states. The figure shows the number of clients who were migrants but have been in the area than those arrived recently. If they were new migrants, they would not get the chance of participating in the credit program; because one of the selection criteria of the program states that a woman who is able to bring *Kebele* identification card and should be a resident of that particular *Kebele* or *Kifleketam*. That is why a considerable number of migrant clients could participate in the credit program despite of a rigid selection criteria set by OMFI.

Figure 6: Place of origin of beneficiaries



SOURCE: Field Survey February, 2011.

6.3. Loan and Repayment System

6.3.1. Loan Received Time and Loan Round

Table 8 depicts the survey results concerning time of loan received and loan rounds. Roughly, half of the clients received the loan only in the first round between one to two years of time, 22.8 % of clients received the loan in the same round but different time. At aggregate level, more than 80 % received the loan only in the first round while 54.5 % received in all rounds between one to two years of time. In contrast, insignificant % of clients received the loan in more than three rounds. This may be explained with two main reasons. One is the exclusive operation of OMFP in the town under the sub-branch that has started recently (2005). Years ago, it was offering micro finance programs both for urban and rural areas of the *Zone*. The other reason is, as discussed under loan term policy (Section 5.5); micro

business loan repayment extends between one to two years depending on the amount of received money. Thus, the combined factors have resulted in insignificant number of clients could not participate in more than three rounds while majority of the clients remained in the first round. Although majority of clients received the credit newly, changes in the lives of women look great as measured by the indicators, which will be discussed in the coming section(s). Undoubtedly, time plays its own role to bring changes in the lives of women; diversifying sources of income by working in different types of IGAs can be taken as rationale for the better changes within short period of time.

Table 8: Time of loan received and loan rounds by beneficiaries

Time of loan received	Loan rounds						Total
	< a Year		1st round only	1st and 2nd round	1st, 2nd, and 3rd round	More than 3rd round	
	< a Year	N	9	1	*	*	10
		% of total	8.9	1	*	*	9.9
	1 to 2 years	N	50	5	*	*	55
		% of total	49.5	5	*	*	54.5
	3 to 4 years	N	23	10	2	1	36
		% of total	22.8	9.9	2	1	35.6
Total	N	82	16	2	1	101	
	% of total	81.2	15.8	2	1	100	

SOURCE: Field Survey February, 2011.

Note: * shows no response and no percentage.

6.3.2. Types and Forms of Loan

As can be observed from Table 9, 69.3 % clients received loan individually. It also reveals that 79.2 % of the clients received the loan in the form of small scale business. In other words, majority of the women received the loan individually and few women in a group which resulted disagreements on business management since groups involve different individuals with different attitudes and ways of thinking. It can be said that fear for group dynamics and other personal related reasons (demand for the economic and social gains individually) were considered as a justification for clients to receive the credit individually.

The data agrees with what the 1997 micro credit summit major principle of micro credit called “borrowers know the best”¹⁴. In short, this result implies that women's individual preference determine the types and forms of loan they are intended to receive from OMFP.

Table 9: Types and forms of loan received by beneficiaries

Types of loan	Forms of loan			Total
		Individually	In a group	
Small scale business	N	63	17	80
	% of total	62.4	16.8	79.2
Handcrafts	N	1	3	4
	% of total	1	3	4
Others**	N	6	11	17
	% of total	5.9	10.9	16.8
Total	N	70	31	101
	% of total	69.3	30.7	100

SOURCE: Field Survey February, 2011.

Note: ** shows women who have received credit not in the form of small scale business and handcrafts.

6.3.3. Loan Repayment and Reasons for Loan

As shown in Table 10, the great majority (95 %) of clients have been paying the credit on monthly basis. It is mainly due to the types of loan clients received and the parallel repayment agreement made with OMFP made things possible. Loan repayment policies of OMFI (2003) stated that repayment for all agricultural and micro business range between three months to two years based on the types of activities financed. Three to two years is the entire repayment period but clients“ who received loan in the form of small scale business have to pay on monthly basis. This is the reason for the great majority of clients to repay the credit on monthly basis. It was also cross-checked from OMFI secondary data [comparing the types of credit received and repayment schedule] on the clients“ list so as to validate the consistency of loan term policies and practices on the ground; which confirmed similar results with the field survey.

Regarding reasons for loan, the data in the same Table (10), reflects that 69.3 % and almost 28 % of clients received the loan attributed to lack of other alternatives and strengthen their previous business activities respectively. In contrast, only 1% of clients received the credit

¹⁴ The Micro credit Summit Declaration and Plan of Action 1997 pp, 11-19.

for the reason that it is easy to take from the institute as compared to other formal financial institutions. Furthermore to explain the causes that there are many ups and downs linked with the institute, which hinder their participation in the credit program (Section 7.2). Data on clients' previous occupations fosters the same scenario, where their previous occupations account for 29.7 %, 27.7 %, 18.8 %, 11.9 %, and 5.9 % as housewives, work in private businesses, students, unemployed, and maid servants respectively (Table 7). In view of this, offering credit to the poor has not only the potential to reduce poverty but also contributes to women empowerment. Thus, the president of CIDA has once said the following speech on the roles of credit. "Credit has power; we have heard the anecdotes, about how a loan of \$20 turned life around for a person, for a family. And we have learned the lesson that credit can transform self-image, unlock potential, and boost the productivity and wellbeing of the poor"¹⁵.

Table 10: Loan repayment and reasons for loan by beneficiaries

Loan repayment	N	%
Monthly	96	95
Quarterly	4	4
Semi-annually	*	*
Annually	1	1

Reasons for loan	N	%
Easy to take	1	1
Low interest rate	2	2
To strengthen my business	28	27.7
I do not have alternative(s)	70	69.3
Total	101	100

SOURCE: Field Survey February, 2011.

Note: * shows no response and no percentage.

¹⁵ Huguette Labelle, CIDA President, in the Micro credit Summit held in Washington D.C. February 1997.

6.4. Economic Impacts of Omo Micro Finance Programs and Women Perception of Empowerment

6.4.1. Types of Activities after Credit Program

Change in women occupation vis-à-vis the previous situation as one indicator; assessment was made on the types of activities in which women were engaged after credit program. Trading activities were found to be diverse and carried out either in combination or separately as IGAs. As presented in Table 11, 70 (69.3 %) clients were engaged in retail trade activities, these in turn, were many in types and run by women in different places such as market, nearby bus station, colleges, health stations, road sides etc. Women had varied reasons. Some of these were, the mobile nature of the businesses; the need to have working money at hand at any time; demand for small amount of start-up capital; easily traded at any place; run by family members; and less demand for academic knowledge. As discussed in section (6.3.2), the number of clients who received credit in the form of small scale business individually is the same with the number of women engaged in retail trade activities after credit program. Women involvement in other type of activities, which were not listed under the survey questionnaires; the study revealed that 57 (56.4%) of clients were engaged in diverse activities¹⁶. The rationales are diversifying sources of income and switching between activities depending on the weather conditions and cash crop season(s) as a strategy.

From the same Table, it can be observed that 30 (32.7 %) and 31 (30.7%) of clients were engaged in selling *Injera* and local drinks respectively. When asked the reason why women bake *Injera* and prepare local drinks, it was found out that they offer additional sources of income. The activities are time bounded dependent on the weather conditions. Clients, therefore, do these activities when the weather is not harsh either in the morning or in the evening. I personally observed and be able to realize the scenario wherein majority of women have been engaged in more than one type of IGAs in side by side ways. A study by Ahmed (2007) indicated that ACSI microcredit program has impacted positively on the clients by creating employment opportunities for the poor and by increasing capacities for those who have no working capital. Though the study showed the positive impact of microcredit program on the poor, the study result differs from his study in that his study was comparative

¹⁶ A summary from open ended questions indicated that women do divers activities besides to the listed ones. Some of these are shower services, preparing fruit juices, cosmetics shop, cafeteria services, selling second hand shoes and cloths, and selling dairy products mainly yogurt and butter, coffee and tea, town beatification and sanitation services.

between men and women and rural focused while this study is its reverse i.e. context differences. But the positive impact of the program is a common ground for the two studies.

Table 11: The types of activities run by beneficiaries after receiving credit

Types of activities	N	%
Local drink making and selling	31	30.7
Retail trades	70	69.3
Selling <i>Injera</i>	33	32.7
Beauty salon	8	7.9
Make and sell hand crafts	12	11.9

SOURCE: Field Survey February, 2011.

Note: % does not add upto 100 and total sample size goes beyond 101 because of multiple responses.

6.4.2. Monthly Income before vs. after¹⁷ Credit Program

Tesehay and Mengestu (2002) argue that the microfinance interventions have brought positive impacts in the improvement of economic status and empowerment of microfinance programs beneficiaries. Similarly, a comparative study on ACSI and OMFI results revealed that access to credit is indeed enabled borrowers and their household to generate some cash income (Hirut 2006). The field survey tells that 43.6 % of women had monthly income¹⁸ between 1-200 *birr*; nearly 20 % of women were earning a monthly income ranging from 1001 *birr* to well above 1801 *birr*. Amazingly, after credit program 42.6 % of women came out of their previous monthly income (1-200 *birr*) and joined to the next income categories i.e. only 1 % of women remained in this income category.

Quite the reverse, women who had a monthly income between 1001 to more than 1801 *birr* accounts for 19.8 %. After credit program the % has increased to 53.5 % per month in the same income categories. In order to validate the changes in the women household income

¹⁷ I used before and after credit program comparisons on some of the points of discussions than [participant vs. non-participant] method of comparisons. One reason is that my study groups are a total of 2125 women participating in the OMFP thus I thought it will be difficult to compare with majority of non-participant women in the town. The other reason is that generating data both from participants and non-participants is a bit difficult from time and cost perspectives. I, therefore, use before and after credit program comparisons as per its conveniences.

¹⁸ It is not women private/ exclusive/ income but the income of the household. This case does not concern those women who are unmarried, co-habit with their family members, and divorced if they do not have monthly allowance in the name of their children. It is used because some of the women were earning nothing while some others are dependent on the husbands.

after credit program, I made a statistical test of independency (chi-square test) to see whether there is a difference in household income before and following women participation in the credit program. The χ^2 test computed reveals that there was a significance difference in the income levels of the beneficiary women due to their involvement in credit program. This is because χ^2 calculated (106.356) is greater than 37.652 (table values) at 95 % confidence level. Even the result was valid at 99 % confidence level where χ^2 calculated (106.356) exceeds the table value (44.3141).

Table 12: Income before and after credit program by beneficiaries

Income category	Income before credit		Income after credit	
	N	%	N	%
1 to 200 <i>birr</i>	44	43.6	1	1
201 to 600 <i>birr</i>	20	19.8	18	17.8
601 to 1000 <i>birr</i>	17	16.8	28	27.7
1001 to 1400 <i>birr</i>	8	7.9	23	22.8
1401 to 1800 <i>birr</i>	4	4	9	8.9
Greater than 1801 <i>birr</i>	8	7.9	22	21.8
Total	101	100	101	100

SOURCE: Field Survey February, 2011.

6.4.3. Rational for the Increase of Clients Income after Credit Program

Women were asked the reasons for the increase in their income levels due to their participation in the OMFP. Table 13 portrays the rationales for the increase of beneficiary's income. The great majority 55 (98.2 %) of women suggested that the two main reasons for the increase in their income levels were increased profits from their business activities and proper management of the profits. Obviously, access to market has its own role for the increase of clients' income. The field survey disclosed that more than half (92.9 %) of women reported that access to market had contributed for the rise of income. It showed that 44 (78.6 %) of women confirmed that increased demand for the goods and services offered has resulted in an increase in the income levels.

Looking at the data about the reasons for the increase of women income levels, one can safely say that getting profit from the new business activities; proper management of the profits; get access to market for the goods and services provided; and increased demand for the goods and services were the major contributing factors for the increase of women's income levels in the study area.

Table 13: Reasons for the increase of clients' income after credit program

Reasons (N=56 ¹⁹)	N	%
Expansion in the existing business	20	35.7
Profit from the new business	55	98.2
Get access to market	52	92.9
Increased demand for goods or products	44	78.6
Increased business input	15	26.8
Proper management of profits	55	98.2

SOURCE: Field Survey February, 2011.

Note: % does not add upto 100 and total sample size goes beyond 56 because of multiple responses.

6.4.4. Personal Saving and Asset Accumulation

6.4.4.1. Personal Saving Account before vs. after Credit Program

As depicted in Table 14, the bulk (87.1 %) of women had no personal saving account i.e. only 12.9 % of clients had personal saving accounts. In contrast, the numbers of women who owned their personal saving account have shown an increase nearly by five times after credit program. The main explanation is their involvement in OMFP, this later, has helped women to get self-employment opportunities to be engaged in diverse IGAs as well as contributed them to have personal saving account out of their businesses. The increased number of clients' personal saving account was statistically significant at 95 % confidence level. This is because χ^2 calculated (8.264) is greater than 6.634 (table values). Women saving might be used for various purposes yet it was one of the positive economic impacts of participation in the micro finance programs. Similar with this finding, Kabeer (1998) studies conducted in Grameen Bank in 1995 showed that microfinance has a positive impact on saving and capital accumulation. Equally, FGD with one of the groups which had on the roles of micro finance programs on personal saving reveals similar scenario and presented as hereunder.

¹⁹ It refers to clients who have replied to "increase" alternative in their income level compared with the previous income. Hence, it does not concern the rest 45 clients who might have chosen slightly increased, highly increased, decreased alternatives of income level vis-à-vis income before credit program.

Box1: Seem to be in the middle of adulthood age yet an innovate women

Yeabsira Magedo Kotabi [alternative source of energy producing] association has begun its work in 2008 with start-up capital of 10,000 birr received from OMFP. Initially, the group consists of twenty members from both sexes. Through time the number has decreased to six mainly for personal reasons and disagreement within the groups on the work. All six of the current members are women and continued their work [producing fuel saving cooking stoves, toilet seats bricks, and others]. Although many of women seem at the middle adulthood age [35 to 45 years old], their group efforts, innovations, hard working habits are really surprising and could be learned by many unemployed youth from both sexes in the town. Women earn between 750-1000 birr (15 to 20 times) compared with previous monthly income. Where they used to earn [50 birr] pension; others were entirely dependent on their husbands; and work in petty trade in „guilt“/open market with meagre income. Now, this has been turned into history and they not only support themselves but also help their family members as well as considered as models for other people around. The group has a total of 14, 000 birr both in Commercial and Dash area Bank. What is more inspiring is the hope they pin to change their association into MSEs. Group's unreserved efforts, innovations, ability to pay back the money before the loan term, market networks, and acceptances by the customers as fertile grounds. As a result, they are of the opinion that it will not be impossible to be changed into MSEs.



Photo 1: Innovative women at work and some of the products.

SOURCE: FGD with beneficiary women on February 12, 2011.

Furthermore, the study results confirm how Mayoux (2000) conceptualize “economic empowerment as women's access to saving and credit gives them a larger economic role in decision-making about both financial activities. Controls over credit and saving decisions allowed them to optimize their own and household's welfare”.

Table 14: Personal saving account before and after credit program by beneficiaries

Alternative	Personal saving account			
	Before credit		After credit	
	N	%	N	%
Yes	13	12.9	65	64.4
No	88	87.1	36	35.6
Total	101	100	101	100

SOURCE: Filed Survey February, 2011.

6.4.4.2. Types and Places of Saving

As discussed in Chapter 5, (Section 5.4.2) saving is one of the components of OMFI, which is offered both for clients and non-clients. Table 15 depicts that, all in all (100%) of clients used compulsory saving while more than 80 % of same clients used voluntary saving. The reasons were being a pre-requisite for compulsory saving and individuals' willingness to save in the institute for voluntary saving respectively.

Saving in OMFI was found to be the same with the number of clients use compulsory saving (Table 15), followed by ,*equib*" [a tradition form of saving used in many parts of Ethiopia], in which (78.2%) of women used it as one institution for saving. It may take places on daily, weekly, or monthly basis. When asked about the reasons for saving in ,*equib*", many of women forwarded their views as:

If someone is participating in ,equib", it is a must for the women to generate the amount of money as per the types of ,equib" in time. So it motivates us to work hard in order to get the money. In extreme case, it forces us to work more than the normal if the money has already been taken and continue until it is over (Filed Survey February, 2011).

Saving in ,*dir*" [a traditional burial association], that is commonly practiced component of social life by many of Ethiopians. Like ,*equib*" it has different forms such as men's ,*dir*"; women's ,*dir*"; youth ,*dir*"; or mix of either. Field data shows that more than 70 % of women used ,*dir*" to save their money. Saving in ,*dir*" is mainly to use the money in time of difficulty especially when any of the family members dies for funerals and other services.

Table 15: Types of saving and place of saving by beneficiaries

Type of saving	N	%
Compulsory	101	100
Voluntary	83	82.2
Both	83	82.2
Place of saving		
Banks	65	64.4
OMFI	101	100
<i>Idir</i>	72	71.3
<i>Equib</i>	79	78.2

SOURCE: Field Survey February, 2011.

Note: % does not add upto 100 and total sample size goes beyond 101 because of multiple responses.

6.4.4.3. Reasons for Saving

Table 16 reflects women reasons for saving in different places after micro finance programs. Out of 101 women, 99 indicated that saving is primarily to use it in time of difficulty, 94 women save to repay their debts back to the institute, 89 women saved the money with the aim to expand their businesses in the future; nearly three-fourth of women saved because they wanted to know the profits from the businesses, and 65 women saved in banks cognizant of the interest provided for the saved money. In a nutshell the major reported grounds for saving in order of priority were saving to use in time of difficulty, repay the credit, expand the business activities, and know the profits of business activities.

Table 16: The reasons for saving by beneficiaries

Reason(s) for saving	N	%
To pay the credit/repayment	94	93.1
To know the profit	74	73.3
To use in time of difficulty	99	98
To expand the business	89	88.1
For safety from theft/damage	17	16.8
To earn interest	65	64.4

SOURCE: Field Survey February, 2011.

Note: % does not add upto 100 and total sample size goes beyond 101 because of multiple responses.

6.4.4.4. Types of Assets Accumulated

As shown in Table 17, 64 (63.4%) of women owned different types of chairs; 57 (56.4 %) of women bought beds; 50 (49.5 %) of women reported that they bought tape recorder; 40 (39.6%) of women have owned television; 20 (19.8 %) of clients purchased refrigerators; and 53 women confirmed that they owned different household assets which, were not listed in the questionnaire. The main explanation for women possession of diverse household assets is due to a change in their income level after credit program. As to the report some assets like refrigerator play a productive role that women use to freeze soft drinks, juices, dairy products, and unpacked highland water, this later, generate income. Assets owned can be considered both as productive and a sign of economic changes in women lives. Even women who did not buy some of the assets mentioned, they made improvements on their houses such as cementing the floor, changing the ceiling, doors, windows, and painting the wall. This was my observation in ways to check whether the survey data and interview results were valid or not, I then confirmed that the changes were really practical.

Table 17: Types of asset accumulated after credit program by beneficiaries

Types of assets owned	N	%
Television	40	39.6
Radio	10	9.9
Different types of chairs	64	63.4
Refrigerator	20	19.8
Tape recorder/player	50	49.5
Beds	57	56.4

SOURCE: Field Survey February, 2011.

Note: % does not add upto 100 and total sample size goes beyond 101 because of multiple responses.

Moreover, in depth interviews were conducted with some of the credit beneficiaries in two of the chosen *Kifileketemas* so as to witness the views of women following their participation. Also to see changes made in the form of asset possessions and the overall impacts of OMFP on women status. For example, one of the clients stated her experience on how micro finance programs have radically changed not only her life but also the contributions it made for the other family members as well as assets owned.

Box 2: Micro finance has changed a daily labourer into business woman

I am 24 years old, born and grew up in the town. I used to work as [a daily labourer, 10 birr/day]. I wanted to switch into business. Then I consulted my father [a weaver] how to get for the start-up capital. He recommended me micro finance for which he was my grantor since he has his own house where we live together. Luckily, I received 1250 birr 4 years ago to begin retail trade in a small „kiosk“ in front of my father's gate. After few months I bought a refrigerator for 1260 birr and started to prepare juice and sell water using it. When I finished the debt of the 1st round, I received 5000 birr in the 2nd round, which I wanted to buy „roto“ [water container] to provide shower services in two rooms as the area is one of the warmest place. I spent 2090 birr to buy the tanker and its seat and used the remaining money to expand my „kiosk“. After I worked and seen its results, I planned to receive 10,000 birr in the 3rd round with which I desired to build service rooms for rent in my father's compound. I received 10,000 birr and added some amount from my account to accomplish the 4 rooms which took about 17,000 birr. Along with this I was able to cover my family's household expenditures and educational expenses of my brothers and sisters. I bought some household assets for my family such as television, tape recorder, and armchairs etc. In fact, all these are due to my efforts and diversified sources of income [house rent, 600 birr/month, shower service, 60-80 birr/day, retail trades and proper management profits]. Hence; I can say I am one of the successful young girls of OMFP participants. I am saying this because I was a daily labour some 4 years ago. I thank my God to open the doors into OMFI and the encouragement given from my family for my success. You know what I started with 1250 birr and I can say that my entire asset can be about 60,000 birr.



Photo 2: OMFP beneficiary and some of assets purchased serving as source of income.

SOURCE: In depth Interview on February 2, 2011.

A dependant woman whose life has been changed owing to her participation in OMFP and changes she has experienced both within and outside household level is presented as follows:

Box 3: Life changes when you try your best

Three years ago, I was dependant on my husband [Isuzu driver]. My dependency has come from my failure to continue in my education [grade 10 national examination]. So, I was obliged to join technical college. When I got the chance in the college, I wanted to learn building construction. Fortunately, I was able to pursue as per my interest. But, I could not get a job in my filed. One strategy has come into my mind forming a group to get a credit from OMFP. I thank my husband because we agreed on the issue and he even became my grantee. Then we [I and my friends] have formed a group called „Obama construction“. Then we received 5000 birr [1000 each] in order to buy the working materials. We started the work [as carpenter] in the housing development project. It is because of OMFP I am working equally with men despite it has been kept for men only. I get my monthly wage [1400 birr] with which I can do what I feel is important for me and my house. Oh...micro has opened my eyes for which I can fulfil my household goods and consumptions needs [asbeza] in a programmed way. I have got „mental satisfaction“ and be free in many ways as my husband cannot force me do this and do not do that seeing that I am able to cover most of the household expenditures. I even visited various places with site Engineers and able to get acquaintance with people in different places. As well, I am able to send my kid to a private school [wisdom academy] and purchased household assets such as television, refrigerators, armchairs, and much other stuff. Above all, it helped me to speak equally with my husband on issues which demand our joint decisions as opposed to the situation before. I learned how to explain that women can do by themselves as seen in the construction work and be confident in my own potentials as well as becoming a model for many other women for whom life was bitter and sour.



Photo 3: Some of household assets accumulated after involving in OMFP.

SOURCE: In depth Interview on January 29, 2011.

Two of the cases reveal Kabeer's (1999 and 2001) three dimensions of empowerment *resource* (not only access but also future claims, to both material and human and social resources); *agency* (decision-making) and *achievements* (well-being outcomes) and Mayoux and Johnson (2007) “power to” dimensions of empowerment (Section 2.1.2).

6.4.5. Improvements at Household Level: Children Education, Health Services and Nutrition

Table 18 presents data on women household improvements after credit program. Nearly 39 % of women suggested that there is a change in the number of children attending school after credit program. It is justified by the strengthened women financial capacity to cover the necessary educational expenditures of children compared to the conditions before. The other explanation is linked with the availability of schools, geographical proximity of schools, and the increased awareness about children education, which has been promoted through different mass media. Alternatively, women reasoned out that children being in the schools before credit program and did not have children attending schools as a result of their marital status wherein single, co-habited and even some of the married women did not have children that go to schools. These were the rationales behind for the significant number of women that reported the absolute number of children attending school did not increase after credit program. Yet, it shows that there were improvements on the educational facilities of children being in the schools due to their participation in OMFP, on one hand, those who do not have their own children support the siblings (students) of their sisters, brothers, and other family members, on the other hand.

Concerning improvements on household health services, majority (78.2%) of women suggested that there is an increase in the household health services utilization. The reasons for the increase lies that women have given priority to pay for health expenditures in time of difficulty (affordability); the existence of diverse health service centres from health station to a hospital (availability); and the geographical distance compared with the rural counterparts in getting the services (accessibility).

The same Table shows that (85.1%) of beneficiaries pointed out that participation in OMFP has brought them positive change in terms of household nutrition conditions. Referring, the open ended responses, the changes in nutrition are viewed from angles of quality [varieties of meals], quantity [amount], and frequency [time of eating] compared to the situation before. With respect to the changes, some of the clients stated their views as:

We do not wait someone/somebody else to provide us what to eat; as we do it by ourselves out of what we do. Thus, we see it as a great change since all of us are working to achieve it first and do the rest. We are able to feed ourselves and other family members although some of us have support from our husbands with the sky rocketing cost of living (Filed Survey February, 2011).

It is evident that the survey result does not disagree with what Khandker (1998) observed that micro credit programs are expected to assist in raising social welfare by promoting human capital investment in childcare and education, nutrition, quality of and quantity of food, and other aspects, on the life of their children and male counterparts.

Generally, a correlation was made to see relationship between a change in women income level and improvements in the household health conditions and nutrition level. To this end, it was found to be statistically valid. This is because Pearson's coefficient of correlation results disclosed that ($r=0.312$) and ($r=0.325$) for improvements in health and change in nutrition respectively. This result confirmed that a change in the income level of the beneficiary women and household improvements in terms of health and nutrition were positively correlated²⁰.

Table 18: Improvements made at household level by beneficiaries

Alternative	Change in education		Change in health services		Change in nutrition	
	N	%	N	%	N	%
Yes	39	38.6	79	78.2	86	85.1
No	62	61.4	22	21.8	15	14.9
Total	101	100	101	100	101	100

SOURCE: Field Survey February, 2011.

6.5. Social Impacts of Omo Micro Finance Programs

6.5.1. Social Impacts of Omo Micro Finance Programs at Household Level

A. Change in Decision Making

Several studies in the literature argue that access to credit empowerment of women can be materialised by increasing their autonomy and decision making ability within household (Cheston and Kuhn 2002; Holvoet 2005; Mayoux 1995; Schuler and Hashemi 1994). Almost 47 % of women make joint decision with husbands and a significant number (39.2 %) of women made an independent decision (wife alone) when receiving the credit from OMFP. In contrast, on the use of business profits, the same data reveals that majority (44.3 %) of women made decision by them, followed by mostly wife making decision (31.6%). But, 24.1

²⁰ ** Correlation is significant at the 0.01 level (2-tailed).

% of women reported that they made joint decision with husbands on the use of business profits. Again, more than half of the interviewed women (58.2%) and (37%) made decisions in relation to business management independently and mostly wife respectively (Table 19).

Nearly 61 % of women reported that they made joint decision with husbands on household expenditures such as children education, health services, nutrition, and other household issues, which demand common agreements like property and wage collateral for the micro finance programs. The study result equally reflects the ILO (2003) empirical studies on 123 women entrepreneurs in Ethiopia. Wherein, it was revealed that the majority of women entrepreneurs make their own independent decisions on the utilization of the money generated from their businesses, as well as matters that affect their businesses. The study further showed that a significant number of surveyed women who operate small enterprise make joint decisions with husbands when the decision involves complex matters or where the husbands permission is required. As far as field observation was concerned, majority of the interviewed women were found to manage their businesses by themselves.

Table 19: Changes in decision making processes by beneficiaries

Decision maker N=79 ²¹	Taking the credit		Using the profits		Business management		Household expenditures	
	N	%	N	%	N	%	N	%
Wife alone	31	39.2	35	44.3	46	58.2	30	38
Mostly wife	11	13.9	25	31.6	29	36.7	1	1.3
Jointly wife and husband	37	46.8	19	24.1	4	5.1	48	60.8

SOURCE: Filed Survey February, 2011.

B. Level of Domestic Violence after Credit Program

Mayoux (2001) and Schuler *et al.* (1996) discuss that women access to credit is likely to free women from abusive marital relationship and reduce the vulnerability to domestic violence respectively. In other words, what Kabeer (2001) suggests that access to credit program is associated with an overall reduction of the incidence of violence against women. Table 20 presents the survey data in relation to women level of domestic violence after credit program,

²¹ This does not include women whose marital status is single and co-habitation.

whereby (48.1%) of women revealed that they experienced a decrease in domestic violence. This may be explained by women economic contribution to the household income. The data further indicated that nearly 27 % of women reported that domestic violence does not concern them. This is because these groups were widowed and divorced women who did not experience domestic violence since they do not have partners. To sum up, women participation in the micro finance programs have brought them a decrease in the level of domestic violence when compared to the situation before the programs.

Table 20: Level of domestic violence after credit program by beneficiaries

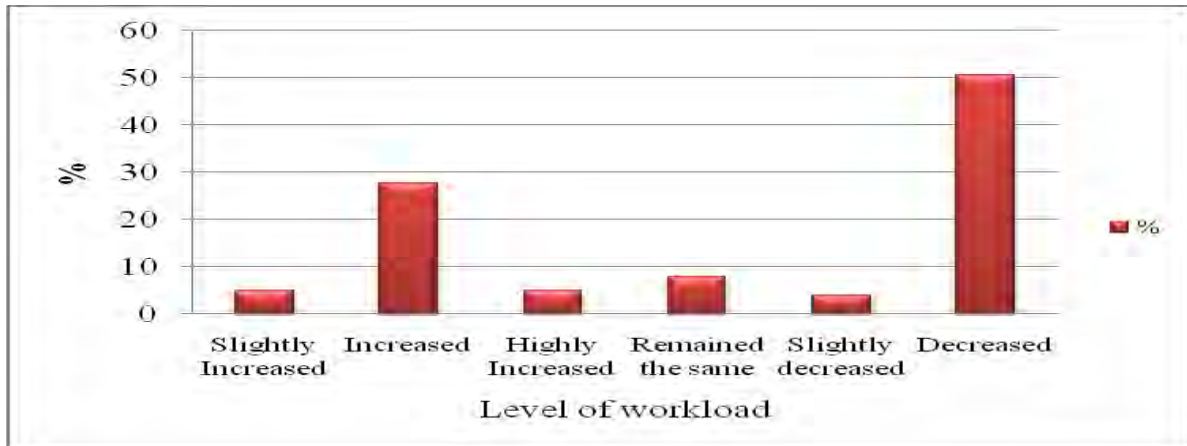
Level of violence [N=79]	N	%
Slightly increased	3	3.8
Increased	3	3.8
Highly Increased	1	1.3
Remained the same	9	11.4
Slightly decreased	2	2.5
Decreased	38	48.1
Highly decreased	2	2.5
It does not concern me	21	26.6

SOURCE: Filed Survey February, 2011.

C. Women Workload after Credit Program

More than 50 % of women suggested their workload had decreased relatively to the cases before (Figure 7). For this women reasoned out mainly because of family support particularly from children and relatives. Still some others have hired domestic workers who do the domestic work while they work in the businesses. On the other hand, about 28 % of women experienced increased workload after the credit program. This is explained by women who increased responsibilities compared with the previous situation. For instance, some of the clients are engaged in IGAs, that consumes their time at household level as a wife, a mother, in addition to participation outside the house as relatives, friends, neighbours, and member in *,idir*, *,equib*, *,mahaber* etc. Even though some scholars argue that the increased women workload as negative impacts micro finance intervention, interviewed beneficiaries perceived it positively comparing their conditions before the credit and their economic and social gains after the credit program. Therefore, one can infer that women increased workload is not necessarily a negative impact of participation in micro finance programs rather it could be positive if it is accompanied by rewarding positive economic and social changes on women lives.

Figure 7: Level of women workload after credit program



SOURCE: Filed Survey February, 2011.

D. Change in Women Confidence after credit program

It is assumed that women participation in micro finance programs bring radical changes in their confidence level. In this regard, field survey indicated that 57.4 % and 40 % of women reported that participation in OMFP helped them to be just confident and highly confident in their own abilities respectively (Table 21). The major reported reasons were access to credit service helped them to have their own source of income, self-employment opportunities, which helped to their family members, purchased diverse household assets, and participating in social life. The combined reasons allowed women to suggest access to credit program has brought those changes in their confidence level. In view of this, Cheston and Kuhn (2002) suggested that self-confidence is one of the most crucial areas of change for empowerment. Similarly, what Mayoux and Johnson (2007) identified “power within” as one dimensions of empowerment seeing that awareness of life choices, possibilities of change, and confidence in one's own abilities to bring about change.

In addition, Pearson's coefficient of correlation was made to see whether women's level of education has a relation with change in their level of confidence. The correlation result confirmed that change in women confidence level and level of education are positively correlated as seen in the coefficient of correlation ($r=0.286^{**22}$). I.e., level of education and increase in women confidence level are directionally proportional, as increase in education results in increase in confidence level and vice versa.

²² ** Correlation is significant at the 0.01 level (2-tailed). Usually, the value of r ranges from -1 perfect negatively correlated, 0, unrelated, to +1 perfect positively correlated and in between are positively or negatively correlated respectively.

Table 21: Changes in women confidence after credit program

Level of confidence	N	%
Highly confident	40	39.6
Confident	58	57.4
Remained the same	2	2
Decreased	1	1
Total	101	100

SOURCE: Filed Survey February, 2011.

6.5.2. Social Impacts of Omo Micro Finance Programs at Community Level

Rowlands (1997) argues that the core of the empowerment process involves fundamental psychological and psycho-social processes and changes...central to these are the development of self-confidence and self-esteem, and sense of agency ... a sense of self within a wider context. Considering the argument, women were asked to answer on the social impacts of OMFP at community level after credit program. The field survey tells that the overwhelming majority (97%) of women reflected on their increased confidence level or self outlook within the community. It is followed by increased awareness on own role (89.1%) not only within the household but also at community level as seen from changes in women lives due to their efforts in IGAs, which were partially or entirely dined from them in time of their dependency of family members. The same data show that participation in OMFP has enhanced their financial capacity to take part in social organizations such as *idir*, *equib*, *mahaber*, etc. Besides, Table 22 depicts that 82% women suggested that micro finance programs have enabled them to strengthen their social networks and interactions, on one hand and increased their freedom of mobility in an attempt to changes their social and economic conditions as compared to the situation before, on the other hand. Concurring the finding, Carr *et al.* (1996) highlights that micro credit programs have, in many cases, increased mobility and strengthened networks among women who were previously confined to home because borrowers build solidarity through their participation in lending circles and village organizations.

One of the FGD revealed that how participation in micro finance programs has given clients social recognition or appreciation for their efforts and fruitful results stated as:

Since we all are approaching to the old age groups and did not want to be dependants either on our husbands or children they [husbands, children, and friends] call us the „role model“ who seemed in the middle of adulthood age women working equally and competitively with their counterparts despite the work demands physical strength (FGD with beneficiaries on February 12, 2011).

Even if women work hard and showed „tangible“ changes on their lives both within and at community level, still there exist attitudinal problems towards women efforts and IGAs women do. As can be seen from the data, nearly 34% of women highlighted that attitudinal change towards women as one of the positive social impacts of participation in micro finance programs. This implies that women's work are less recognized by the community although the fruitful results they brought both for themselves and on the lives of their family members as seen in improvements at household level and assets accumulation. This can be best described by: “In spite of the remarkable importance women participation, their jobs have been considered as an „extra“ income to family survival or simply to improve its living conditions”²³.

The data further indicated that about half of the interviewed women reported that their involvement in OMFP did reduce a gender based exclusion from social affairs, which were undertaken at community level. The result shows that women experience as a significant % of gender based exclusion from social affairs, which benefit them in strengthening social networks, understandings, and awareness about the issues.

Table 22: The social impacts of OMFP on the beneficiaries at community level

Social impacts	N	%
Increased self confidence or self outlook	98	97
Increased awareness about women's role	90	89.1
Strengthened social networks and interactions	83	82.2
Reduced gender based exclusion from social affairs	50	49.5
Increased membership in <i>idir</i> , <i>equib</i> , and <i>mahaber</i> etc	85	84.2
Increased freedom for mobility	83	82.2
Attitudinal change towards women	34	33.7
Increased understanding of social issues and oppressions	63	62.4

SOURCE: Field Survey February, 2011.

Note: % does not add upto 100 and total sample size goes beyond 101 because of multiple responses.

6.6. Women Perception of Empowerment

Ever since its emergence, the concept “empowerment” has been defined, redefined, and used by a number of scholars differently from different angles in different contexts. Therefore, it

²³ Retrieved from www.women participation in micro finance.mth [Accessed on March 17, 2011].

would be a problem to think about a uniform or commonly accepted definitions of empowerment.

Although there are differences in understanding and conceptualizing empowerment among academicians, development practitioners, and international organizations, still there are communalities among these groups of individuals in applying the concept in different contexts. Because the rationale behind are to make the voice of the poor (disadvantaged) to be heard; enable them to stand on their own feet; scaling up their capacities to address their own problems by themselves; and advocate for them to mitigate the oppressive social, economic, political, and cultural systems, which affect their lives and witness the results of their efforts both in the present and in the foreseeable future.

In order to attain one of the objectives, I raised some questions such as how do you perceive the word empowerment? What does it mean for you? Why? As far as your involvement in OMFP is concerned, how do you perceive empowerment? As a result, FGDs, in depth interviews of cases, and survey questionnaire have come up with diverse definition(s) of empowerment from OMFP beneficiaries" perspectives (Box 4).

Box 4 presents how the concept "empowerment" is perceived and defined by the micro finance beneficiaries from different dimensions. Some of these dimensions have been discussed in the preceding sections particularly in the economic and social impacts of OMFP on women lives both at household and community level. Their views were further incorporated in ways to substantiate the quantitative data in the form of FGD results, individual cases, and filed notes. Alternatively, factors which were affecting women participation in the programs and thereby not to achieve the economic and social benefits from the micro finance programs will be discussed in the next Chapter (7).

Box 4: OMFP beneficiary women definition(s) of empowerment in Arba Minch town

A woman who is hard working and brings „substantial“ changes in her life.

- Is able to find solutions for the problems around her.
- Is planned and carry out her work accordingly.
- Is a role model for other women.
- Is actively participating in social issues.
- Is satisfied of what she does.
- Has the initiative to bring changes in her life.
- Improves her level of education.
- Has come out of kitchen life to public sphere.
- Has her own source of income.
- Is not in debt of others.
- Changes the minds of people who do not believe in her abilities.
- Is respected both inside and outside her house.
- Values her contributions to household income.
- Equally decides on household issues.
- Is in a position to do what she wants by herself.

SOURCE: Developed from (FGD, in depth interview of cases, and survey February 20, 211).

6.7. Summary

In the preceding chapter I tried to highlight on the demographic and socio-economic profiles of microfinance beneficiaries. Where, the bulks of clients were married; more than 80 % of them were in the age groups of 21 to 41 years; more than 40 % had 5 to 8 family size; and nearly (53.4 %) of clients were educated and the level of education comprised secondary complete, vocational and technique school, certificate and above. As it was revealed that majority of women were dependants on their family members and husbands while a considerable number of clients were migrants. I presented the economic and social impacts of OMFP on the lives of the beneficiary women. From the analysis, it was evident that participation in the programs has changed the lives of the beneficiaries in many ways. In this regard, the study indicated that the economic impacts are much pronounced both at household and community level. However, the social impacts of the programs at household level exceed the community level as their efforts and roles are less recognized in the eyes of the society, which is emanated from long existed negative societal attitude towards women in the study area. I also summarized micro finance beneficiary women's perception of empowerment.

CHAPTER 7

FACTORS AFFECTING WOMEN PARTICIPATION IN OMO MICRO FINANCE PROGRAMS

7.1. Introduction

In the preceding chapter I presented the socio-economic impacts of OMFP on women status at household and community level. Where, I could see the ways in which women involvement in micro finance programs brought changes in their social and economic conditions as measured by the indicators. In this chapter I will discuss the major factors that affecting women participation in OMFP. In the course of discussion factors will be dealt from three different yet interrelated perspectives.

7.2. Institutional Related Factors

7.2.1. Demand for Collateral

According to Rahman (1999) and Mouduch (2000) micro finance is viewed as the provision of small amount of institutional credit and saving jointly liable low-income people who are unable to obtain loans from formal sector banks for lack of collateral. However, the survey data reveals that the overwhelming majority 92 (91.1%) of women indicated that demand for collateral (property or salary of a grantee) was found to be one of the major institutional related factors affecting their involvement in the programs (Table 23). In view of the field data, micro finance cannot be generalized as small scale institutional credit and saving given to the low income people who mainly lacked collateral to get credit from formal banks. In other words, the emphasis on the word without collaterals/targeted those who lacked collaterals makes the meaning problematic. For one thing, the field survey shows that none of the beneficiaries received credit without having collateral. With this regard, it can be explained that one of the major problems of the country and the people is „*income poverty*” and 80 % of start-up capital of OMFI was gained from government. Hence, it would be very difficult to offer credit without collaterals. If so, it will put the sustainability of micro finance programs under question mark.

Interview with the sub-branch manager support the need for collateral and he explains the problem as:

Let alone giving credit without collateral, even with uninterrupted clients" repayment, the institute is under serious financial shortage [lack of available money for credit], mainly because of budget fluctuations from the government side. For instance, the sub-branch office is still waiting for the 2003 budget to be realised as of August 2002 but the year is going on (Key informant Interview on February 14, 2011).

Therefore, it can be said that the problem is raised from the socio-economic realities of the country, in general, and lack of available finance for credit program in the sub-branch, in particular.

7.2.2. Saving Conditions

As discussed in section 5.4.2, saving particularly compulsory saving is one of a pre-request to be a beneficiary in OMFP. From the field data a great majority of (87) women reported that saving conditions (compulsory and voluntary savings) were found to be the second major institutional related factors, which hindered women not to involve in OMFP. In line with the discussion, Mayoux (2000) cited in Zelalem (2007) argues that the capacity and willingness of the potential clients to save is one means to indentifying the ability to shoulder debt. It is evident that all in all (100%) and more than 80 % of the beneficiary women revealed that they use compulsory and voluntary saving respectively. Secondary data from OMFI sub-branch office reflects the same result where the number of clients and their corresponding compulsory saving was found to be same. This shows that women who do not want to use the former [compulsory] saving cannot get the chance to participate in the micro finance programs in the study area.

7.2.3. Purpose of Loan

As can be seen from Table 23, a total of 67 women revealed that loan purpose was one of the factors that were stumbling block in their involvement in OMFP. Women explained that it is a must for all of them to use the money in line with the business plan and for the intended activities. If not they are supposed to repay it back even with double interest rate of the used money. Cognizant of this, every one of them use it wisely. In addition, when interviewed the ways in which they made use of the loan money, it was found out that more than half of women 56 (55.4%) started new IGAs, 32 (31.7%) who expanded their previous businesses respectively. The finding is consistent with OMFI's (2003) a policy of loan use. Mayoux (1997) clearly indicated that determining the purpose of the loan use may help

women to use their loans by themselves since the determined purpose (nature of activity) may not invite their counterparts to be engaged in it.

7.2.4. Small Loan Size

It is evident that the loan size policy of OMFI (2003) for agriculture and micro business range from 200 to 5000 *birr*. The data also shows that small loan size 66 (65.3 %) of women considered it as one of the factors linked with OMFP which, in turn, hinders their chance of participation in the credit program. The main reason is that the amount of money and the actual market conditions are incompatible. Thus, this results in fear for debt and unprofitability with small amount of working capital. It could also be validated that this data with secondary data from OMFI, in which the maximum amount of individual loan shows that 10,000 *birr* and majority of women received between 1000 to 7000 *birr* but group credit amount varies depending on the size of the group members. This does not indicate that all the women are eligible for the highest amount of money rather it is determined by the profitability of their IGAs and clients' previous history on the use of the money and its results.

7.2.5. Selection Criteria

Resal (2001) notes that the physical and mental conditions of eligible women are taken into account such that the "unattainable" are excluded from the start. Regarding the field data, 65 (64.4%) of women have confirmed that client selection criteria was another institutional [OMFI] related factor which a bottleneck from benefiting from the micro finance programs. It is reasoned out that the main problem lies in screening the beneficiaries at *Kebele* level. On this issue the interview with the sub-branch manager revealed the same scenario. The manger explains the case in what follows ways:

One of the main causes for clients' failure is because they [Kebele leaders] write letters of support for their respective Kebele residents saying that he/she is part of our Kebele and proved to be poor for the sake of 10 birr service charge. The money may go into the pockets of those in charge of the office. He goes on to say that selective inclusion and exclusion of clients from the credit program has become a failure for the organization business management and the clients as well (Interview on February 14, 2011).

This deliberate action of the staff in screening the target groups lead to what Rahaman (2000) calls the selective "exclusion of the poorest".

7.2.6. Bureaucracy or Complexity of Working System

As presented in Table 23, institutional bureaucracy or complexity of working system. In other words, the inefficient service delivery system was one of OMFI related factors hindering women involvement in the micro finance programs. With regard to this, 60 (59.4 %) of the beneficiary women suggested that bureaucracy was one factor. The main justifications behind are equated with the poor organizational working system as manifested in [client selection criteria, time required to get the loan and other ups and downs]. The combination of these factors revealed that bureaucracy was another OMFP related factor that was holding back women not to involve in the micro finance programs. Revealing the scenario an ex-client woman pointed out her views as shown in Box 5.

Box 5: Institutional [OMFI] bureaucracy and its results

I am 34 years old woman came from Gojjam, Amhara regional state. I am married and have five children. I received 5000 birr three years ago. I then started retail trade in my own „lamera“ shop in front of my house, which I installed with the loan money. As per my agreement with OMFP, I used to pay back the credit (250 birr/month). By the time I finished my debt, I withdrew my voluntary saving (1200 birr). Later I went back to take 10,000 birr with the aim to expand my existing shop. Unfortunately, the institute did not want to give me due to the fact that I withdrew my voluntary saving. I was told that if you want to re-take, you can come after a couple of years. Considering the likely problem(s) I will face if I give up micro finance services of OMFP. Thus, I tried all my level best to alter the disagreements between me and the institute. But, thanks to bureaucracy in the sub-branch office I was compelled to wait for the coming two years. And, I realised that it will take me back to the situation I was in before (as housewife) and continue on my dependency until their [OMFP] promised day will come.

SOURCE: In depth Interview with Ex-client February 5, 2011.

The personal observation also shows comparable results with factors discussed above. This is because I observed that much of the work in relation to micro finance services given to clients, where recording of each and every individual profiles, loan and interest collection, loan distribution, and others documents were done manually.

Table 23: Institutional related factors affecting women participation in OMFP

Institutional related factors	N	%
High interest rate	19	18.8
Small loan size	66	65.3
Purpose of loan	67	66.3
Bureaucracy or complexity of working system	60	59.4
Selection criteria	65	64.4
Saving conditions	87	86.1
Demand for collateral	92	91.1

SOURCE: Field Survey February, 2011.

7.3. Personal Related Factors

7.3.1. Demand for Collateral and Insufficient Loan Size

Why personal related causes become problems to take part in the micro finance programs? It was found out that a greater majority of clients reported that demand collateral for (91.1%) and insufficient loan size (68.3%) were the two major personal related constraints. Women reasoned out that the demand for collateral either property of the borrowers or a grantee salary; it should be a permanent government employee and a third of his/her salary must cover the loan amount in case the borrower fails to pay back. As to the report, this has been stumbling block for many of credit beneficiary women and those still in need of the credit.

7.3.2. Multiple Responsibilities

As discussed under section (6.5.1), reduced workload was one of the indicators used to analyze the social impact of OMFI on women status at household level. Against this, women multiple responsibilities/ lack of time/ was found to be one of the personal related factors that do not let women to involve in the micro finance programs. Table 24 depicts that more than half of the interviewed (59) women suggested that their multiple responsibilities both within and outside a home remain a problem. Obviously, being in the IGAs/*productive role* and *reproductive role* as mothers and wives at home shares their time. Because doing the IGAs needs adequate time and being members of social organizations like *Idir, equib, and mahaber* requires allocating time to participate and lead their social life in the society. The survey data confirms Cheston and Kuhn (2002:42) study findings where, “one of the most difficult challenges that many women face as they start to expand their business is the balancing of their increasing responsibilities with their household responsibilities”. However, some of the interviewed clients indicated that they enhanced their businesses activities due to the support from family members mainly children, children of relatives and domestic workers employed to handle domestic works.

7.3.3. Peer Pressure/ Negative Attitude for Credit

As can be seen from Table 24, 49 (48.5%) of women revealed that peer's negative attitude towards micro finance programs has become another personal related constraint. Hulme and Mosley (1996) suggest that the wrong belief attached and experience among women as “credit is a debt a double edged sword”. As to beneficiary women, the wrong belief of non-clients did not remain with themselves rather it has become a bottleneck for them not to

pursue their participation in the micro finance programs. Two of the FGDs conducted with the participant women confirmed the same situation.

7.3.4. Lack of Business Knowledge

Naser (2009) argues that education and experience are the main constraints for women participation in micro finance programs. Because, to become an entrepreneur, women need to look for opportunities, be able to assess them and convert them into a successful business. Concerning the field data, it is evident that nearly 34 (33.7%) of women revealed that lack of business knowledge was regarded as one of the personal factors affecting their involvement in OMFI. The correlation between women's level of education and lack of business knowledge proved the field results.

Pearson's coefficient of correlation ($r=0.742^{24}$), which implies that there is a strong positive correlation between the two variables. This result was statistically significant at 99 % confidence level. As to the result, an increase in women's level of education plays a significant role on the knowledge of business management in relation to IGAs. I.e., clients with better education [above grade 9] were more beneficiaries compared with those below them in handling their businesses. Added to this, how lack of business knowledge on IGAs remained personal related factor holding back a client from benefiting from OMFP as indicated by young girl in what follows:

Box 6: A young girl stacked and unable to find a way out

I am 22 years. I came from Debre Sina, Amhara regional state. Since then I have been engaged in commercial sex work as a means of living in Abaya hotel. Such a life is really challenging in this „business“ [sex work]. Hence, I wanted to give up and get a loan from OMFP individually to start other IGAs [make tea and coffee under the trees]. I am in the disgusting business yet benefiting [fear for HIV/AIDS] and demand for the money to sustain my life. The problems were diverse why I could not find the possibility to involve in OMFI. To tell you some of them being a migrant, fear for debt, being helpless. On top, not knowing of what to do and where to go obliged me to keep on this „business“.

SOURCE: In-depth interview with non-participant on February 8, 2011.

²⁴ ** Correlation is significant at the 0.01 level (2-tailed).

Table 24: Personal related factors affecting women participation in OMFP

Personal related factors	N	%
Fear for debt or bankruptcy	20	19.8
Lack of business knowledge	34	33.7
Insufficient loan size	69	68.3
Demand for collateral	92	91.1
Group dynamics or disagreements	23	22.8
Peer pressure or negative attitude for credit	49	48.5
Family pressure or negative attitude for credit	14	13.9
Multiple responsibilities/lack of time	59	58.4

SOURCE: Field Survey February, 2011.

Note: % does not add upto 100 and total sample size goes beyond 101 because of multiple responses

7.4. Contextual/Area Specific Factors

7.4.1. Competition among Women on Income Generating Activities

From the field data, it was found out that more than two third of women (72) pointed out that competition among women on the IGAs remained a serious contextual problem. This is mainly because the beneficiary women were engaged in similar types of IGAs, which, in turn, limit the profitability of the business activities as they compete one after another. For instance, an in-depth interview with one of the credit beneficiary woman demonstrates about this issue.

Box 7: Frustration due to high competition on businesses and a planned strategy

Before I began my work [selling women pyjama], I explored the demand side and situations around the market. Immediately, I started bringing „pyjamas” and sell in my shop. Shortly, a serious competition came into by my neighbours and women in the entire town. This is one reason for reducing the number of my customers who used to come from different parts of the town and buy from me. With the continued competition, I was tired of wandering here and there in search of market. I, therefore, wanted to give up and do other business. As a strategy, my plan is to open juices house with jobless women around my shop by taking loan from OMFP. If not I will make my “pyjama shop” mobile using „Bajaj” travel around the town and sell the pyjamas” because „business is all about knowing what people want than everybody does it”.

SOURCE: Interview on February 7, 2011.

7.4.2. Working Place Challenges

From Table 25, it can be understood that working place is a serious challenge, which was indicated by 69 (68.3%) of credit beneficiary women as the second major context related factors affecting women involvement in OMFP. One that explains this case is the need to get

a place nearby or within the largest market in the town, where the women have potential buyers coming from different corners of the town. Some of the women do IGAs in the road sides, bus stations, near colleges and so forth. But loading and unloading of the commodities on daily basis has remained as a major obstacle in their effort to do the businesses (Photo 4).



Photo 4: Women trying to make a living where work place is a challenge.

SOURCE: Filed Survey February, 2011.

7.4.3. Limited Inputs for Goods or Products

The bulks of women (64) reported that limited inputs for goods and services they offer were other area specific constraints that confront women further participations in the micro finance programs (Table 25). It was emanated from limited supply and alarmingly increasing cost of inputs from time to time. Concerning this, one of the interviewed ex-clients indicated that those contextual related factors mainly as a problem of inputs; lack of market; competition ended up her in debts and threw out of the game, which exacerbated her reliance on the family as shown in Box 8.

Box 8: Contextual related constraints and its negative impacts on the client

I am 22 years old young girl born and grew up in Arba Minch. I live with my family. I and my friends received 5000 birr [1000 each] when I was in grade 10 [3 years ago. Then we named our group the as „Eshet Injera gagari setoch“ and continued to prepare „Injera“ and supply it to two of the restaurants [Horr and Abi]. But, through time we have faced problems such as lack of input for our work due to the rising cost of cereals [teff, maize, sorghum etc], fire wood and other related costs. A serious one has come when our client stopped the supply of Injera from us and OMFP put serious pressure on us to keep the monthly repayment on time. As a result, I planned to sell my part in „guilt“ and pay off my own debt as the group members were very much frustrated by the situation. I was doing this not only to escape myself but also to be a model for the other groups. However, I also faced similar problem because I was kicked out of the market owing to high competition and market failure. After while, we wanted to quit the work and pay the debt from what we have in common and find additional money from our families if we want to be free of micro's debt. To this end, we sold out our common properties and added some money [borrowed from families, relatives, friends etc] did it accordingly. It is really funny and disappointing for me for the reason that my friends who received money from OMFP and engaged in other IGAs are taking about changes in their lives and support they do for their families. I felt sorry and blame my fate because I am forced to continue as dependant on my father yet motherless. Take a look at that how much and the time I have been dependant on him since my childhood upto now. I often get scared of myself when I think of the debt I have to pay for my father.

SOURCE: Interview with Ex-client January 29, 2011.

Table 25: Area specific/contextual related factors affecting women participation in OMFI

Context area specific factors	N	%
Lack of market for products/market problem	40	39.6
High competition among women on the IGAs	72	71.3
Limited inputs for goods or products	64	63.4
Less demand for goods or products	42	41.6
Working place challenges	69	68.3
Societal attitude towards credit	26	25.7

SOURCE: Field Survey February, 2011.

Note: % does not add upto 100 and total sample size goes beyond 101 because of multiple responses.

7.5. Summary

This chapter summarizes the major factors affecting women involvement in micro finance programs. It was attempted to discuss the factors from three different yet interrelated angles. Accordingly, women participation in OMFP was constrained from institutional, personal, and contextual angles. In the due course of the discussions factors were illustrated with in-depth interviews of cases and observation results so as to provide clearer understanding on of factors. Based on discussions so far made in the next chapter I will briefly provide concluding remarks of the study and forwarded possible ways of overcoming the problems.

CHAPTER 8

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The last chapter has three parts. In the first part I will present the ways in which the study was conducted; means of data generations; analysis and presentation of the findings. In other words, the entire processes from the beginning upto the end will be summarized. In the second part, the major findings of the study and conclusions that were drawn based on the study results will be highlighted. Eventually, I will make recommendations in view of the conclusions which may contribute in mitigating the problems so far discussed and be a reference for further interventions.

8.1. Summary

This study was primarily based a sample micro finance beneficiary women drawn from OMFP in Arba Minch town, SNNPRS. The main objective of the study was to explore the extent to which women are empowered through Omo micro finance programs in the town. It also attempted to identify the objectives and components of the program. The economic and social impacts of the programs on women status both at household and community level as well as factors affecting women participation in the programs were also explored. In order to achieve the objectives of the study, various methods were employed to generate data both from primary and secondary sources. Purposive sampling technique was used to identify one hundred one Omo micro finance beneficiaries while snow ball sampling was applied to interview non-clients, ex-clients, and some key informants of the study. Relevant and empirical literatures were consulted in relation to micro finance and women empowerment at different scales in attempt to find out the gaps between the previous studies and the one at hand. Alternative development theory was used as a theoretical framework of the study, in which the alternative proposals of the theory and the link between empowerment and the theory was mainly discussed. In addition, analytical framework was employed for better understanding and measuring empowerment vis-à-vis women participation in microfinance programs.

As far as methodology was concerned, I approached the problem using a mixed research methodology, which constituted both qualitative and quantitative methods of data generations. Primary data for the study was collected by means of survey questionnaire, in depth interview of cases, key informant interview, FGDs, non-participant observation, and

filed notes. The generated data were analyzed, summarized, and interpreted with the help of both qualitative and quantitative methods of data analysis. Specifically, SPSS software 17th version was used to code, compile, and analyze one hundred one sample survey women selected from two *Kifileketemas* of the study area and present the findings in various forms.

8.2. Conclusions

OMFI is one of the MFIs in the country established chiefly to provide financial services to the residents of SNNPRS. As the study result indicated that, OMFI has set out objectives which can be seen from two different yet interrelated angles, i.e. credit and saving services. However, some of the objectives were found to be over ambitious. Saving (*compulsory, voluntary, and time bound*) and revolving fund; credit services; trainings (*basic and skills*); monitoring and follow up were the major program components of OMFI practised in the study area.

Many studies conducted and reviewed in different contexts in which, micro finance beneficiaries were considered as women those who are thought to be very poor, widowed, unmarried, uneducated, and so forth. But, this study shows that majority of women were married (54.5%); educated (53.4%); had personal saving account (12.9%); household income between 601 to more than 1801 birr per month (37%). Hence, previously perceived women were failed to get the chance of participation in the micro finance programs mainly because of eligibility criteria and collateral reasons. I.e., the very poor are excluded from the programs. Based on the findings, it is possible to infer that micro finance beneficiaries are not necessarily the very poor, uneducated, unmarried women rather it accommodated the educated, married, not very poor and others women depending on eligibility criteria of OMFI.

Even though empowerment as a process and its results vary from context to context, multidimensional changes are assumed to be relevant in a wide range of contexts. In this regards, women empowerment (economic and social) has been analyzed using various indicators. As a result, involvement in OMFP has helped women to be engaged in IGAs; increased their household income level; assisted women to save in different forms; and enabled them to purchase some household assets.

Following women participation in OMFP, economic impacts of the programs particularly increased clients' personal saving account and enhancement in the household income level have revealed statistically significant difference with the conditions before the programs. The

results were valid both at 95 and 99 % confidence level. On the other hand, it can be said that women involvement in OMFP and improvements in clients' household conditions in terms of improved access to health services and nutrition were positively correlated, which were statistically significant at 99 % confidence level.

The findings of the study suggest that women experienced changes in their decision making role at household level. It is safe to conclude that women participation in OMFP has helped for a considerable decrease in the proportion of women reporting one-sided decisions made either by male or female group only. In this regard, a number of scholars have argued that access to credit empower women by increasing their autonomy and decision making ability within household (Cheston and Kuhn 2002; Holvoet 2005; Mayoux 1995; Schuler and Hashemi 1994) and what Kabeer regards "empowerment ... as the process by which those who have been denied the ability to make strategic choices acquire such [an] ability" (Kabeer 1999:437).

Women empowerment in this study is unlike some of the empirical studies that exclusively focused on poverty reduction in the rural areas. It was analyzed not from a particular perspective rather a multidimensional changes involving economic, social, personal not only within the household but also manifested outside the household level. However, the social changes at household level exceeds the community level because change in decision making roles and reduced domestic violence, increased in confidence, participation in social organizations, were directly linked with women economic contributions for household economy while the social recognition at community level is determined by the long existed male dominate societal outlook towards women and roles they play. On the other hand, women increased workload is not necessarily a negative impact of participation in micro finance programs still it is encouraging if it is accompanied by positive economic and social changes in the life of the beneficiary women.

In a nutshell, it can be said that majority of credit beneficiaries' women interviewed achieved social and economic empowerment after their participations in the micro finance programs. But, economic empowerment was the building block of social empowerment. This is because, social changes women experienced both at household and community level are the results of women increased financial capacity after microfinance programs. SIDA (2009) highlights that economic empowerment puts women in a stronger position and gives them the power to participate, together with men, in the shaping of society, to influence development

at all levels of society, and to make decisions that promotes their family and their own wellbeing and the conclusion drawn concedes with Kabeer's (1999 and 2001) three dimensions of measuring empowerment.

Although many academicians, development practitioners, international organizations defined and redefined the concept empowerment in different contexts and the concept vary depending on the contexts, the filed survey has revealed that empowerment has no a uniform meaning among the studied women as well. It was viewed differently from different angles by women themselves. The perception of empowerment is really interesting as it was viewed in the eyes of the women themselves.

The study finding revealed that multitudes of institutional, personal, and contextual were the major factors affecting women participation in OMFP. It was reported that major factors among institutional in order of seriousness as demand for collateral, saving conditions, purpose of loan, small loan size, selection criteria, and bureaucracy/complexity of working system. Demand for collateral and insufficient loan size, women multiple responsibilities, peer pressure/negative attitude for credit program, and lack of business knowledge were identified as the major personal related constraints.

Equally, high competition among women, working place challenges, supply of inputs for the goods and products women offer were found to be contextual factors hindering women involvement in OMFP in the study area. This findings lead to conclude that unlike the previous studies women participation in the micro finance programs was constrained by the factors, which emanated from three perspectives (institutional, personal, and contextual problems). But, it can be argued that institutional related factors were the most stumbling blocks for women participation in the programs compared with others in the study area.

It is clear that demand for collateral was one of the major institutional and personal related factors hindering their participation in OMFP. Nevertheless, scholars like Rahman (1999) and Mouduch (2000) conceptualized micro finance as the provision of small amount of institutional credit and saving jointly liable low-income people who are unable obtain loans from formal sector banks for lack of collateral. In the scholars view, without collateral is considered as one of the fertile grounds of micro finance programs that differ from the formal financial institutions such as Banks, Insurance, and others. In contrast, this finding directs to

conclude that the academic understating of the concept micro finance is relatively different with the reality due to the fact that none of the interviewed women could get credit services without collateral. Therefore, micro finance cannot be generalized as small scale institutional credit and saving given to the low income people who mainly lacked collateral to get credit from formal banks.

8.3. Recommendations

It is obvious that institutional, personal, and contextual related factors were found to be the bottlenecks for women participation in OMFP in the study area. In order to improve the entry barriers and sustain the positive economic and social benefits women experienced through the programs, the following may be suggested as ways to mitigate the problems.

✚ Institutional related factors were the most serious factors affecting women participation in the micro finance programs in the study area. In order to reduce this, OMFI has to revisit some of the rigid client selection criteria [demand for business plan, previous business knowledge, being a *Kebele* resident, good personal character, property collateral/residential plan]. Instead it should be reality based criteria as opposed to the adoption of criteria used across the program operational areas in the region. Because *not ...one ...fits all but* area specific conditions work if the institute truly aims to achieve its objectives and thereby reduce poverty and empower the beneficiary women. To make it practical:

- ✓ The sub-branch office should cooperate with NGOs working with women and children; women and children empowerment core process of the town to provide and strengthen already established components of the programs. I.e., the provision of different skill trainings, business oriented information, and advising services for clients. So that, this will help women with no previous business knowledge as entry barriers.
- ✓ Promote group based credit program based on the willingness of the credit beneficiaries, which in turn, will have roles in reducing property related collateral challenges and reinforce the group solidarity.
- ✓ Strict follow up of the clients and provision of different incentive mechanisms for those clients who are successful with the programs seems sound and vital to motivate them to work hard towards success.

- ✚ Concerning the financial problems, the sub-branch and branch office face, it should work hand in hand with its stakeholders mainly for saving mobilizations; strengthen its existing co-operations with different NGOs sponsoring financially; attempt to establish alternative IGAs of the institute in order that, it will contribute positively in meeting the financial challenges identified.
- ✚ Given that selection criteria was one of the major institutional related constraints; the problem was also aggravated by the sub-branch office in the study area, which has discharged its responsibilities to the respective *Kebele* leaders found within *Kifileketemas*. To this end, Arba Minch sub-branch office must modify its means of screening credit beneficiaries from *Kebele* based selection to collaborative work between the sub-branch and the respective *Kebele* leaders. In so doing, at least one to two staff members of the sub-branch can work with the *Kebele* leaders in time of screening so that selection biases will likely be reduced and the excluded majority of women will have the chance to participate in the micro finance programs.
- ✚ Despite of the benefits women obtained from the programs, personal related factors were found to be the constraints for their further participation in OMFP. Thus, the beneficiary's women have to try their level best to reduce personal related constraints in order to continually benefit from the programs.
- ✚ The institutional bureaucracy has resulted largely from manual based working system and lack of trained manpower. This is one of the reasons that exacerbate the bureaucracy; thus the sub-branch in co-operations with the head office must try to get some of the material resources especially computer that can potentially facilitate the working system and reduce the time spend for the services. In addition, upgrading the employees' capacity through various trainings, experiences sharing with other MFIs of the neighbouring region is absolutely necessary. The combined efforts will play their own roles in addressing the problem for now and foreseeable future.
- ✚ Cognizant of the role and responsibilities of women and children empowerment core process has played and the societal attitude problem towards women, the office should endeavour to scale up its initiatives/best practices so far made to inculcate the roles and values women play in the socio-economic development of town and the country through mass media programs, panel discussions, and encouragements to their efforts. Achieving these objectives demand the close collaboration and willingness of various organizations and individuals at different areas.

✚ Finally, with these pressing constraints, the study result revealed that majority of the beneficiary women experienced positive economic and social changes at household and community level. Therefore, government should endure to sustain the positive impacts in the lives of the program beneficiaries; make an effort to benefit large groups of women who did not get the chance to participate in the programs; and strengthen the already established programs. This is because reaching the financial needs of the poor women in a sustainable ways do not only address the “income poverty” but also play a pivotal role for the empowerment of the beneficiaries. To realize this: the aforementioned institutional related constraints should take proper ways of implementation with the exhaustive efforts of the operational area together with the teamwork to be made with other stakeholders on one hand, promote experience sharing mechanisms among the beneficiary women to share their experiences and views for non-participants women, on the other hand. So, if these recommendations are taken on board there will be tangible changes, precision in awesome results in the part of women participants.

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Appendix:A

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Survey Questionnaire for Omo Micro Finance Beneficiaries

The purpose of this survey questionnaire is to explore the extent to which women are empowered through OMFP in Arba Minch town. To draw some conclusions and forwarding possible recommendations, this might be helpful for making some practical interventions by the concerned bodies. So, your kind cooperation with honest responses to the questions will be vital for the overall success of the study. The study is purely for academic purpose and the information you will provide is to be treated as confidential and cannot be traced to the person who provided them.

Instructions for data enumerator(s).

- ✓ Please put the code in the space provided for the close-ended questions and write the responses for the open-ended questions when every necessary.

Thank you in advance for your cooperation!!!

Questionnaire Number _____ Name of the *Kifileketema* _____

Name of the Enumerator _____ Name of the *Kebele* _____

Part I .Background Information about the Beneficiaries

1.1. Marital status	1. Single 2. Married 3. Widowed	4. Divorced 5. Co- habitation	
1.2 .Your Age	1. Less than 20 2. Between 21 and 30 3. Between 31 and 40	4. Between 41 and 50 5. Greater than 50	
1.3 Number of Children	2. 1-3 3. 4-6	3. 7-9 4. Greater than 9	
1.4. Family Size	1. 1-4 2. 5-8	3. 9-12 4. Greater than 12	
1.5. Education level	1. Not educated at all 2. Elementary (1-6)	4. Secondary (9-12) 5. Vocational and technique	

	school 3. Junior (7-8) 6. Certificate and above	
1.6. Your previous occupation	1. Housewife 4. Unemployed 2. A student 5. Government Employed 3. Maid servant 6. Private Business 7. Others (specify)_____	
1.7. Your Religion	1. Orthodox 3. Protestant 2. Muslim 4. Catholic 5. Others (specify)_____	
1.8. Place of origin	1. Current Place of resident/Arba Minch 2. Others (specify)_____ Region_____Zone_____Woreda_____	

Part II: Loan and Repayment

2.1. Loan received period	1. Less than a year 3. Between 3-4 years 2. Between 1 -2 years 4. Greater than 5 years	
2.2. Time of loan received	1. 1 st round 3. 3 rd 2. 2 nd round 4. 4 th	
2.3. Types of loan(s)	1. Agricultural production 2. Small scale business 3. Handcrafts 4. Other(specify)_____	
2.4. Forms of loan received	1. Individually 2. In a group /groups	

2.5. If individually for Q# 2.4. What is your relationship with the group members?

1. Neighbour 4. Business Partners
2. Friends 5. Members in social organizations(idir, equib, mahaber etc)
3. Relatives

2.6. If again in groups for Q# 2.4 would mention some of the criteria used by the OMFI?

2.7. Repayment period	1. Monthly 3. Semi-annually 2. Quarterly 4. Annually	
2.8. Reasons for loan	1. Easy to take 4. I do not have alternative 2. Low interest rate 5. Other (specify)_____ 3. To strengthen my business	

Part III: Economic Impacts of OMFP

3.1. Activities and Income

3.1.1. Types of activities after loan (<i>Multiple response is possible</i>)	1. Local drink making and selling 1. Yes 2. No 2. Wood or metal work 1. Yes 2. No 3. Retail trades in market/guliet 1. Yes 2. No 4. Selling „Injera“ 1. Yes 2. No 5. Work in beauty salon 1. Yes 2. No 6. Make and sell handcrafts 1. Yes 2. No 7. Others (specify) _____	
3.1.2. Is there any change in your job after the loan program?	1. Yes 2. No	

3.1.3. If „Yes“ for Q# 3.1.2. What are the changes?

3.1.4. If „No“ for Q# 3.1.2. Why?

3.1.5. Monthly income before the credit (Birr)	1. 1-200 2. 201-600 3. 601-1000	4. 1001-1400 5. 1401-1800 6. Greater than 1801	
3.1.6. Monthly income after credit (Birr)	1. 1-200 2. 201-600 3. 601-1000	4. 1001-1400 5. 1401-1800 6. Greater than 1801	
3.1.7. Comparison of changes in income after OMFI?	1. Slightly increased 2. Increased 3. Highly increased 4. Remained the same	5. Slightly decreased 6. Decreased 7. Highly decreased	
3.1.8. If „Increased“ for Q# 3.1.9. What are the reasons? (<i>Multiple response is possible</i>)	1. Expansion in existing business 2. Profit from the new business (es) 3. Get access to new market(s) 4. Increased demand for products 5. Increased business inputs 6. Proper management of the profit 7. Others (specify) _____	1. Yes 2. No 1. Yes 2. No 1. Yes 2. No 1. Yes 2. No 1. Yes 2. No 1. Yes 2. No	
3.1.9. If „Decreased“ for Q# 3.1.9. Why is it decreased? (<i>Multiple response is possible</i>)	1. Death/ sickness of family member(s) 2. Low profit from the business (es) 3. Increased cost of living 4. Increased competition 5. High repayment rate 6. Extravagancy/miss use 7. Others (specify) _____	1. Yes 2. No 1. Yes 2. No 1. Yes 2. No 1. Yes 2. No 1. Yes 2. No 1. Yes 2. No	

3.2. Saving and Assets Accumulation

3.2.1. Personal saving account	Before credit program	1. Yes	2. No	
	After credit program	1. Yes	2. No	
3.2.2. Type of saving	1. Compulsory 2. Voluntary 3. Both			
3.2.3. Place of saving (Multiple response is possible)	1. Bank(s)	1. Yes	2. No	
	2. OMFI	1. Yes	2. No	
	3. Idir	1. Yes	2. No	
	4. Equib	1. Yes	2. No	
	5. Others (specify)_____			
3.2.4. Reason for saving (Multiple response is possible)	1. Loan repayment	1. Yes	2. No	
	2. To know the profit	1. Yes	2. No	
	3. Use in time of difficulty	1. Yes	2. No	
	4. To expand the business	1. Yes	2. No	
	5. For safety form theft and damage	1. Yes	2. No	
	6. To earn interest	1. Yes	2. No	
	7. Others (specify)_____			
3.2.5. Use of saving in the last 2 years? (Multiple response is possible)	1. Re-used for business	1. Yes	2.No	
	2. Used for ceremonial purpose	1. Yes	2. No	
	3. Did not use it yet	1. Yes	2. No	
	4. Bought jewelleries for future use	1. Yes	2. No	
	5. Paid others loan(s)	1. Yes	2. No	
	6. Household expenditure	1. Yes	2. No	
	7. Made improvements for mu house	1. Yes	2. No	
	8. Others (specify)_____			

3.6.2. What are the types of assets you have bought after the OMFP? (Multiple response is possible)

Assets	Response		
1. TV	1. Yes	2. No	
2. Radio	1. Yes	2. No	
3. Different types of chairs	1. Yes	2. No	
4. Refrigerator	1. Yes	2. No	
5. Tape recorder /player	1. Yes	2. No	
6. Tables	1. Yes	2. No	
7. Bed	1. Yes	2. No	
Others (specify)_____			

3.3. Improvements at household : Children education, health services and nutrition

3.3.1. Is the number of children attending school increased after the credit program?

1. Yes 2. No

3.3.2. If „increased“ for Q# 3.3.1 why it is increased?

3.3.3. If „decreased“ for Q# 3.3.1. Would you tell the reasons?

3.3.4. Is there any change in access to health service for you and others members after the credit program? 1. Yes 2. No

3.3.5. If „Yes“ for Q# 3.3.4. What are the reasons?

3.3.6. If „No“ for Q# 3.3.4. Why?

3.3.7. Did your participation in the loan program bring you a change in the type and amount of food you eat? 1. Yes 2.No

3.3.8. If „Yes“ for Q# 3.3.6. How do you state the changes?

3.3.9. If „No“ why?

Part IV: Social Impacts of OMFP

4.1.Decision to take the loan	1. Wife alone 2. Mostly wife 3. Husband alone	4. Mostly husband 5. Jointly(wife and husband) 6. others (specify)_____	
4.2.Use of loan and its profit	1. Wife alone 2. Mostly wife 3. Mostly husband	4. Mostly husband 5. Jointly(wife and husband) 6. Others (specify)_____	
4.3.Business management	1. Wife alone 2. Mostly wife 3. Husband alone	4. Mostly husband 5. Jointly(wife and husband) 6. Others(specify)_____	
4.4.Decision on children schooling, health service, expenditure in household	1. Wife alone 2. Husband alone	4. Mostly husband 5. Jointly(wife and husband) 6. Others (specify)_____	
4.5.Domestic violence after OMFP	1. Slightly Increased 2. Increased 3. Highly increased 4. Remained the same 9.It does not concern me	5. Slightly decreased 6. Decreased 7. Highly decreased 8. Never at all	
4.6.Workload after OMFP	1. Slightly increased 2. Increased 3. Highly increased 4. Remained the same	5. Slightly decreased 6. Decreased 7. Highly decreased 8. Never at all	
4.7.Change in your confidence after OMFP	1. Highly confident 2. Confident 3. Remained the same	4. Decreased 5. Highly decreased 6. I do not know	
4.8.Use of modern family planning program after OMFP	1. Always 2. Some times 3. Others (specify)	3. Never at all 4. Not yet	

4.9. What are the social impacts that your participation in OMFP result you at a community level?

1. Increased self confidence or self out look	1. Yes	2. No	
2. Increased awareness about women's role	1. Yes	2. No	
3. Strengthened social network and interaction	1. Yes	2. No	
4.Reduced gender based exclusion from social affairs	1. Yes	2. No	
5.Increased participation in <i>Idir, equib, mahaber, kebele</i> meetings etc	1. Yes	2. No	
6.Increased freedom for mobility	1. Yes	2. No	
7.Attitudinal change towards women	1. Yes	2. No	
8.Increased understanding of social issues and oppression	1. Yes	2. No	
9.Others (specify) _____			

Part V: Factors affecting Women Participation in OMFP

5.1. Institutional (OMFP) related factors (<i>Multiple response is possible</i>)	1.Short repayment period	1. Yes	2. No	
	2.High interest rate	1. Yes	2.No	
	3.Small loan size	1. Yes	2. No	
	4. Purpose of loan	1. Yes	2. No	
	5.Bureaucracy/ complexity of working system	1. Yes	2. No	
	6.Selection criteria	1. Yes	2. No	
	7.Saving condition(s)	1. Yes	2. No	
	8.Demand for collateral	1. Yes	2. No	
	9.Others (specify) _____			

5.2. If „Yes“ for loan purpose for Q# 5.1 How did you spend the money? (<i>Multiple response is possible</i>)	1.Used for emergency purpose (s)	1. Yes	2. No	
	2.Expanded business activities	1. Yes	2. No	
	3.Started new business activities	1. Yes	2. No	
	4.Paid others debts	1. Yes	2. No	
	5.Used for household consumptions	1. Yes	2. No	
	6.Children educational fees	1. Yes	2. No	
	7.Used for marriage purpose	1. Yes	2. No	
	8.Others (specify) _____			

5.4. Personal/individual related factors (<i>Multiple response is possible</i>)	1.Fear of debt or bankruptcy	1. Yes	2. No	
	2.Lack of business knowledge	1. Yes	2. No	
	3.Insufficient loan size given	1. Yes	2. No	
	4.Demand for collateral	1. Yes	2. No	
	5.Groups dynamics/complexities	1. Yes	2. No	
	6.Peer pressure /negative attitude for loan(s)	1. Yes	2. No	
	7.Family pressure /negative attitude for loan(s)	1. Yes	2. No	
	8.Multiple responsibilities	1. Yes	2. No	

5.6 Contextual/area specific factors (<i>Multiple response is possible</i>)	1.Lack of market for products/market problems	1. Yes	2. No	
	2.High competition among women traders	1. Yes	2. No	
	3.Limited input for goods /products	1. Yes	2. No	
	4.Less demand for goods /products	1. Yes	2. No	
	5.Working place challenges	1. Yes	2. No	
	6.Societal attitude towards credit	1. Yes	2. No	
	7.Others (specify)			

Part VI: Women Perception of Empowerment

6.1. How do you perceive the word empowerment? What does it mean for you? Why?

6.2. When or what are the condition for you to say I am empowered due to my participation in OMFI?

6.3. How do you state your experience of empowerment since your participation in OMFI?

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In-depth Interview Guide

The purpose of this in depth interview is to explore the extent to which women are empowered through OMFP in Arba Minch town. To draw some conclusions and forwarding possible recommendations, this might be helpful for making some practical interventions by the concerned bodies. So, your kind cooperation with honest responses to in depth interview will be vital for the overall success of the study. The study is purely for academic purpose and the information you will provide is to be treated as confidential and cannot be traced to the person who provided them.

A) In-depth Interview Guide for Beneficiary Women

A. Background Information

1. Age ;marital status; number of children; family size
2. Education level; Occupation before and after credit program; Place of origin
3. When, how much, how, what kind, why, did you receive the loan from OMFP?
4. What criteria were used to give you the loan by OMFP? The repayment period?

B. Economic Impacts of OMFP

1. What do you do with the loan money?
2. Describe your working situation before and after the credit?
3. Amount of monthly income before and after the credit? Start up capital and current capital?
4. How do you see the change in the household income after the loan? Why is it increased or decreased if so?
5. Do you have personal account after the loan? Where, amount per month? Other sources of income if there?
6. How do you evaluate the impact of credit program on children education; health services; and nutritional status?
7. What does your life look like after and before the credit program

C. Social Impacts OMFP

1. How do you describe your decision making role at household level before and after the loan?
2. How is the situation of domestic violence after the loan? Why?
3. Workload after the loan? Confidence level after the loan? How do you see it?
4. How do you describe the social impacts of OMFP within and outside a house?

D. Factors Affecting Women Participation in OMFP

1. What factors hinder your participation in OMFP in the town? Would please specify the factors?

E. Women Perception of Empowerment

1. How do you perceive the word empowerment? Why? What does it mean for you?

B) In-depth Interview guide for Ex-clients

- Age, marital status; family size;
 - Level of education; place of origin;
 - Occupation before credit and after credit;
1. When, how much, how, what kind, why, did you receive the loan from OMFP?
 2. What criteria were used to give you the loan by OMFP? The repayment period?
 3. When did you give up your participation in the programs? Why?
 4. What do you think are the economic and social impacts of OMFP on your life?
 5. If not, what are the reasons and how do you explain the problems? Which is the serious?
 6. What is your opinion in response to the problems? Who should do what? Why?

C) In-depth Interview Guide for non-participants

- Age, marital status;
 - Level of education; family size;
 - Occupation; place of origin;
1. Why do not you participate in OMFP?
 2. What criteria do OMFP use to select women beneficiaries? Why?
 3. What do you think are the major factors affecting your participation in OMFP? Would you specify the factors at individual, institutional, area specific/ contextual level?
 4. What is your opinion in response to the problems? Who should do what? Why?

Thank you for your cooperation!!!

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Key Informant Interview Questions

The purpose of this key informant interview is to explore the extent to which women are empowered through OMFP in Arba Minch town. To draw some conclusions and forwarding possible recommendations, this might be helpful for making some practical interventions by the concerned bodies. So, your kind cooperation with honest responses to key informant interview will be vital for the overall success of the study. The study is purely for academic purpose and the information you will provide is to be treated as confidential and cannot be traced to the person who provided them.

A) Key Informant Interview Questions for OMFP Program Coordinator(s)

- Age, sex, qualification, position, and work experience?
- 1. Number of staffs?
- 2. What are the goals and objectives of OMFP?
- 3. What are the programme components?
- 4. Where did you get the start-up capital?
- 5. How do you identify female beneficiaries in the town?
- 6. What kind of loan(s) does OMFP offer?
- 7. How long is the repayment period?
- 8. How much is the interest rate per month or per year?
- 9. What kind of saving do you offer to the beneficiaries?
- 10. Number of beneficiaries in the town, in the respective *Kifileketema*?
- 11. Do you follow up them after forming in group(s) or give loan(s) individually?
- 12. If yes, what do you do? If no, why?
- 13. Have you ever given any kind of training in relation to loan(s) or saving system to the clients? What kind of training?
- 14. If yes, in which areas in the pre and post credit program? If no, why?
- 15. What if they (women) fail to pay the loan either in group or individually as per the schedule?

16. How do you evaluate the impact of OMFP on women life at household and community level? Please specify the impacts?
17. Is there any feedback mechanism to the clients to assess their needs?
18. What do you think are factors which affect women participation in OMFP? (Mention at the organizational level; individual level; area specific/contextual factors)
19. What do you recommend to deal with these challenges, and constraints for women participation in OMFP?

B) Key Informant Interview for Women Affair Officer

- Age, qualification, position, work experience?
1. How do you organize women in a group for credit program?
 2. What criteria do you use to give the loan(s) services to women beneficiaries?
 3. Do you follow up them after forming in a group or give loans individually?
 4. If yes, what do you do? If no, why?
 5. What if they fail to pay the loan either in a group or individually as per the schedule?
 6. How do you see the impacts of OMFP on women life at household and community level? Please specify the impacts?
 7. What do you think are factors that affecting women participation in OMFP? Mention at the organizational level; individual level; area specific/contextual factors?
 8. What do you recommend to deal with factors for women participation?

Thank you for your cooperation!!!

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Checklist for Focus Group Discussion

The purpose of this focus group discussion is to explore the extent to which women are empowered through OMFP in Arba Minch town. To draw some conclusions and forwarding possible recommendations, this might be helpful for making some practical interventions by the concerned bodies. So, your kind cooperation with honest responses to focus group discussion will be vital for the overall success of the study. The study is purely for academic purpose and the information you will provide is to be treated as confidential and cannot be traced to the person who provided them.

1. Who and how did you organize yourself in a group for OMFP?
2. What were the criteria to organize you in a group for micro finance? Why in a group?
3. What are the main services OMFP provide to you?
4. What would happen to you if you fail to pay the loan(s) either in a group or individually as per the schedule?
5. What do you think are the social and economic impacts of OMFP on your life at household and community level? Please specify the impacts?
6. What do you think are the major constraints for your participation in the credit program? Please list down the constraints at individual, institutional, area specific/contextual?
7. As far as your experience and participation in OMFP is concerned, how do you perceive empowerment through it? What does it mean for you? Why?

Thank you for your cooperation!!!

Appendix B: The Main Profiles of OMFI

Profiles	Description
Year of establishment	August 14, 1998
Legal status	Omo Micro Finance Institution S. C (OMFI)
Main objective	Poverty alleviation
Operational area	Urban and rural areas of the region
Share holders/start-up capital	80 % government; 20 % saving mobilisation and donation from NGOs
Delivery methodology	Packaged and non-packaged/ regular/
Forms of collateral	Property and grantees salary
Types of saving	Compulsory, voluntary, and time bound
Interest rate	10 % with declining balance in 24 months
Service charge	2 % commission in time loan
Loan term	1-2 years and 2-5 years depending on the business.
Repayment period	Monthly; semi-annually; and annually
Start-up amount and saving interest rate	Compulsory 5 <i>birr</i> (4%); voluntary 10 <i>birr</i> (4%); time bound 5000 (4-6 %)
Amount of loans disturbed	1.2 billion <i>birr</i>
Number of clients	Over 270,000
Number of branches and sub-branches	14 and 147
Number of staffs	Over 900
Target clients for loans	Both men and women based on the selection criteria
Loan services	Agricultural loan; handicraft loan; small scale business
Time needed to process and get loan	30 days
Head office	Hawassa

Source: OMFI (2003; 2007).

