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Impact of Micro-finance on Women's Economic Empowerment
A Case-Study of Amhara Credit and Saving Institution (ACSI), Kobo
Woreda, Amhara National Regional State, Ethiopia.

By

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Abbreviations and Acronyms

ADB	- Asian Development Bank
ACSI	- Amhara Credit and Saving Institution
AEMFI	- Association of Ethiopian Microfinance Institutions
BRAC	- Banglادish Rural Advancement Committee
CIDA	- Canadian International Development Cooperation Agency
CSA	- Central Statistical Authority
DECSI	- Dedebit Credit and Saving Institution
EPRDF	- Ethiopian People's Revolutionary Democratic Front
GGLM	- Group Guarantee and Lending Model
IFAD	- International Fund for Agricultural Development
MFI	- Microfinance Institutions
MIS	- Management Information System
MoFED	- Ministry of Finance and Economic Development
NBE	- National Bank of Ethiopia
NGO	- Non-Government Organizations
ORDA	- Organization for the Rehabilitation and Development of Amhara
SACCOs	- Saving and Credit Cooperatives
SEEP	- Small Enterprise Education and Promotion
SNNPR	- South Nation Nationalities Peoples' Region
USAID	- United States Agency for International Development

ABSTRACT

Micro-finance institutions have made significant contributions to the livelihoods of many people through the provision of financial and supporting services to the poor, especially women in rural environments. Thus, it is understood that micro-financing, as a development strategy, empowers women who were hitherto marginalized, and as such, were restricted from participating in the social, economic and political activities of their societies.

This study examined the impact of Amhara Credit and Saving Institutions' (ACSI's) micro-financing service on women's economic empowerment. Data was collected from a total of 171 rural women consisting of 54 Matured Clients, 33 Incoming Clients, and 26 Dropouts (ex-Clients) in ACSI program areas; and 16 and 42 non-clients in program and non-program areas respectively situated in Kobo Woreda, Amhara National Regional State. The empirical analysis of the study was conducted using both descriptive statistics and Binomial Logit regression analysis.

The results of the study indicate that the micro-financing scheme has a positive impact on women's economic empowerment as measured by the increased participation of women in household decision-making. ACSI's program has had a positive impact on the living conditions of its clients. Compared to the Incoming clients and non-clients, matured clients of ACSI have improved their household incomes, asset possession levels, and savings habit; thereby positively affecting their ability to fully participate in household decision-making.

However, the impact of improvement of the above three variables; income, asset possession and savings habit, does not significantly affect the variable "decision making on household large sales", which was used as an indicator of women's economic empowerment in the regression analysis. The implication of the findings is that giving women access to resources does not always mean empowering them economically, unless they can also exercise full control, and make important decisions, over their resources. Thus, beyond financial support, the contribution of micro-finance services to women's economic empowerment should be enhanced through a combination of more effective support services of MFIs or linkages should be made with services provided by other agencies like the Woreda Women's Affaire' Office and other gender-focused organizations.

Chapter One: Introduction

1.1 Background

The livelihood of the majority of the population of Amhara Region of Ethiopia is highly dependent on agriculture. The Region has an estimated population size of 18 million people, of which 85% is comprised of rural households engaged in subsistence agriculture (USAID, 2005). Agriculture is still practiced based on traditional farming methods, is typically nature-dependent and generally unimproved; thereby subjecting the people to very unreliable living conditions.

Accordingly, it is often articulated that the level of poverty in the Amhara Region keeps people trapped in marginal existence with emphasis only on day-to-day survival, leaving little opportunity to accumulate capital either to invest in improving their livelihood or as a reserve to enable them cope during hard times. Opportunities for off-farm and alternative employment are still limited in the region (Getaneh, 2001). Further more, the longstanding population settlement, over-cropping, and little or no improvement in traditional farming practices have resulted in considerable environmental degradation, leading to a decrease in agricultural production and leaving the population highly vulnerable to recurrent drought and famine.

To this end, the limitation of the agricultural sector in creating sustainable livelihoods and the need for developing alternative income generating

opportunities is increasingly being recognized by the Ethiopian government, both at federal and regional levels, as well as by donor countries. For instance, since 1997, the Amhara National Regional State has introduced a new food security program called “the Integrated Food Security Program” whereby, it has developed five strategies (or program components) that have focused on increasing the capacity of households for improved production and productivity; creating alternative income sources through the expansion of off-farm employment opportunities; developing human resource and institutional capital, as well as market infrastructure and rural finance; introducing and developing sustainable land husbandry practices; and rural product and financial market development (Sorensen, 2001).

Microfinance development and expanding opportunity for off-farm and non-farm activities are thus two of the crucial strategies pointed out by the region’s food security program to change the living conditions of poor people, particularly women. However, the progress so far made, in terms of studying the extent of implementing those strategies as well as benefits obtained, remain grossly inadequate.

1.2 Statement of the Problem

Women constitute about 50 percent of the Ethiopian population and they involves in different sectors of the economy. Although poor women are engaged in heavier and highly time-consuming work loads, they never obtain the commensurate earnings. This leads them to be highly dependent on their husbands. The burden is worse in rural Ethiopia where peasant women have no alternative to generate their own income and to be self-reliant. Even the main asset of the agricultural economy – land - is typically held in the name (ownership title) of their husbands except in some parts of Tigray and Amhara, where the land ownership title is held in the name of both husband and wife.

Due to cultural problems, un-participatory policies and lack of awareness, women continue to be burdened with back-breaking domestic chores and unimproved heavy agricultural activities for long periods of time. Women in Ethiopia have not been exposed to the economic opportunities that would enable them practice alternative income-generating activities. This lack of alternative income sources constrains women to be very much dependent on their husbands and to have low participation in household decision-making. Besides, women have no access to networks to share experience of the world outside the home.

But recently, many scholars, policy-makers and development planners have started advocating the important role of the emerging new phenomenon,

microfinance program, for the advantage of poor Ethiopian women. Microfinance institutions in the country are formed with major objectives of poverty alleviation and women empowerment to mention few. The extent of success on the objectives and activities of MFIs' is but subject to the level of real changes brought on the targeted group of population.

However, studies that critically assess the impact of micro-finance on women's economic empowerment are so far limited in the country. This is perhaps due to the fact that both micro-finance development and priority attention to women's economic empowerment are new, and are now currently recognized as important strategies in the process of policy development in Ethiopia.

Therefore, this study is intended to generate evidentiary information about the impact of micro-financing on the economic empowerment of rural women, based on a case-study of women microfinance clients in Kobo Woreda of the Amhara Region.

1.3 Objective of the Study

The main objective of the study is to examine the impact of microfinance on the economic empowerment of women. The specific objectives are:

- ❖ To assess the impact of microfinance on women's access to, and control over, assets.
- ❖ To examine the impact of microfinance on raising women's participation in household decision-making.
- ❖ To assess the role of microfinance services in developing women's saving habit.
- ❖ To assess the role of microfinance services in improving women's income.

1.4 Significance of the Study

Alleviating poverty and achieving development requires effective deployment and efficient use of resources. With women constituting nearly half of the population of Ethiopia, this cannot be done without mobilizing the energy, talents and capabilities of this important section of the population and empowering them. In this regard, it is argued that micro-finance as a development strategy is able to give room for women's participation in socio-economic development. However, very few studies have been done to establish the link between micro-finance and women's economic empowerment. Even the

studies conducted earlier have mainly focused on Addis Ababa , and very few on regional cities. Nevertheless, as a matter of fact, the majority of the Ethiopian population lives in rural areas, therefore, research results that do not give adequate consideration to the rural society could not be judged as representative.

This study investigates the impacts of microfinance on women's livelihood change in Kobo Woreda, which consists of 34 rural and 6 urban kebeles. Thus, the study would gather basic pieces of evidence, which shall also serve as inputs for researchers and policy makers who may further wish to consider the subject matter of this investigation in the future.

Understanding whether or not microfinance services are really effective in economically empowering women has important policy implication. With this regard the study has made important findings regarding the role of micro-finance in the economic and financial empowerment of rural women. First, the study proved that the emergence of micro-finance in the Kobo Woreda has resulted in significant increases in household income, asset ownership and cash savings of women micro-finance clients. Second, the study is also showed that, women's participation in household decision-making as an indicator of women's economic empowerment has improved as a result of micro-finance interventions availed by the ACSI program.

1.5 Organization of the Thesis

The rest of the thesis is organized into five chapters. The chapter that follows treats concepts and literature review. The third chapter contains a discussion of the study area, whilst the fourth chapter describes the data and methodology. The fifth and sixth chapters are devoted to the analysis of the data, and conclusion and recommendations respectively.

Chapter Two: Review of Related Literature

2.1 Definition and Concepts

2.1.1 The Concept and Definition of Microfinance

Microfinance has undergone several transformations in terms of concept, services type and approaches/modes of provision. Indeed, microfinance is said to be a new and emerging field in which there is still a lot to learn (Dunford, 2000). Although an evolving concept, microfinance has been recognized as a development approach intended to benefit low-income women and men (Ledgerwood, 1999; Otero, 1999).

In using the term microfinance, there exists, however, some confusion. The point of confusion lies on the nature of clients served and types of services offered. Regarding the nature of clients, though different scholars stated microfinance program in different perspectives, most of them tend to believe that the program has emerged to help the poorest sections of the society. Others, however, argue that since it is rather not easy in practice to consistently serve clients that are living below the poverty line, micro-financing is meant for those who are presumed to be able to repay loans (Meagher, 2002).

By taking the types of services into consideration, microfinance is often defined as “lending small amounts of money for short periods with frequent repayments” (Ibid, 2002: 7). Such understanding equates the concept with micro-credit, which is rather a part of microfinance service, and thus, microfinance is much more than simply credit (McGuire and Conroy, 2002). In some other cases, microfinance is conceived as the provision of credit and saving services only. This again limits the concept to micro-banking, or simply banking services. But “microfinance is not simply banking; rather it is a development tool” (Ledgerwood 1999: 1).

In broader understanding, Ledgerwood conceived that microfinance refers to the provision of financial services to low-income clients, including the self-employed. Financial services generally include savings and credit; however, some micro-finance institutions (MFIs) also provide credit cards, payment services, money transfers, and insurance services. Besides, many MFIs undertake social intermediation services such as group formation, development of self-confidence, and training in financial literacy and management capabilities among members of a group. “Thus, the concept of microfinance often includes both financial and social intermediations.” (Ibid, 1999: 1).

A more useful and perhaps practical definition of microfinance, for the purpose of this thesis, is given by Meyer and Nagarajan (2000), which defines microfinance as “... the provision of a broad range of financial services such as

deposits, loans, payment services, money transfer, and insurance to low-income households and their micro-enterprises”. Related to this, McGuire and Conroy (2002) indicated that low-income households do not generally have access to financial services but they have considerable effective demand for such services.

Thus, microfinance refers to the provision of financial services, usually in the form of small- sized financial transactions, to people who usually fall outside the reach of formal finance. They tend to be the poorest members of all societies. Commercial banks usually ignore them to avoid high transaction costs of servicing small loans and savings deposits. Moreover, most of the poor do not possess assets normally demanded as collateral, and they are perceived as being too risky to be granted loans (Meyer, 2001).

2.1.2 The Concept and Definition of Empowerment

The verbal definition of empowerment is related to the word power. In English, the concept leans on its original meaning of investment with legal power, i.e. permission to act for some specific goal or purpose (Batliwala, 1995). Rowland (1997) has also conceived empowerment, giving greater emphasis on power. According to him the power process involves four dimensions, i.e. Power from within: individual changes in confidence and consciousness; Power to: capability and capacity improvement as in skills, income, and market and job access; Power over: overcoming subjugation at household, community and macro level; Power

with: networking, partnership, collaboration and joint action to challenge and change power relations.

However, the term empowerment has different meanings in different socio-cultural and political contexts, and does not translate easily into all languages. In connection with this, Mayoux (2001, 2002) stated that although a number of works have been done on the concept and indicators of empowerment, it is a loaded term that means many things to different people and has subsequently gained a language command within the development discourse.

Narayan (2002), conceived the subject in its broadest sense in which empowerment is the expansion of freedom of choice and action. It means increasing ones authority and control over the resources and decisions that affect ones life. In addition, Borchgrevink et al (2005) indicated that empowerment's core meaning refers to a process whereby a person or a group becomes less dependent on external circumstances (force) and more capable of influencing key processes relating to the situation of his/her/their life and livelihood.

Empowerment underpins the process of change that determines the dominant pattern of power relations by strengthening resistance and the need to disengage from power networks using an inherent stimulated autonomy i.e., reinforcing claim-making capacity (Villarreal, 1994: 227). Empowerment includes change and transformation from one level or stage to another. These changes can be in the minds or consciousness level of individual people. If it is at the

consciousness level, it is psychological, where the mind develops a different way of thinking. This process is reflected through changes in behavior, attitude and actions or at the social and community level (community empowerment through development programmes), or in the tradition and culture of communities.

Moreover, empowerment involves the exercise rather than the possession of power and it takes place in institutional, material and discursive context involving the personal, relational and collective spheres. Empowerment can be economic, social, or political. Thus, it comprises of both the acquisition of new resources and capacities and the removal of oppressive structures surrounding the person or group. According to Borchgrevink et al (2005) empowerment means reduced marginalization, and disempowerment means increased marginalization

The concept of empowerment, according to these views, focuses at: (i) a gradual process of change of both actors and structures; (ii) power and capacity that are requisite in asserting oneself in resource access and attaining the desired human capabilities; and (iii) interactions amongst actors including the individual, household, and community.

2.2 Micro-finance and Women Economic Empowerment

Empowerment as a strategic development approach for women involves two levels: intrinsic and extrinsic. The extrinsic level refers to gaining greater access to and control over financial and physical resources. On the other hand, the intrinsic level involves changes within, such as the rise in self-reliance, confidence, motivation and positive hope for the future. It recognizes women's multiple roles and seeks to meet strategic gender needs through bottom-up participation on resources and development issues that concern the life of women.

Economic exclusion reinforces and perpetuates social exclusion. In the context of women, particularly poor women, their conditions become even more vulnerable due to unequal distribution of resources within and outside the domain of the household. Any mismatch between the minimum basic requirements and the resources available results in unfulfilled practical gender needs. In other words, poverty is the end state implying lack of entitlement emerging from insufficient assets and capabilities for the fulfillment of basic livelihood needs. This results in the social and economic exclusion of a certain class and category of people and their consequent disempowerment. Hence, the idea of 'empowerment' has influenced development practitioners, development agencies (government and non-government), theoreticians and donor agencies in the last decade (Padma and Getachew, 2004).

Women's economic empowerment is thus the process, and the outcome of the process, by which women gain greater control over material and intellectual resources, and becomes less dependent on external forces.

Even so, great debate tends to persist as to whether the provision of microfinance for poor women could change the social and economic equations in which this sub-set of the population live in villages, and further tend to empowerment. According to Mayoux (2002), there are four basic views on the link between micro-finance and women's empowerment:

1. There are those who stress the positive evidence and are essentially optimistic about the possibility of sustainable micro-finance programmes empowering women world-wide;
2. Another school of thought recognizes the limitations to empowerment, but explains those with poor programme design;
3. Others recognize the limitations of micro-finance for promoting empowerment, but see it as a key ingredient as important in themselves within a strategy to alleviate poverty; empowerment in this view needs to be addressed by other means;
4. Then there are those who see micro-finance programmes as a waste of resources.

2.2.1 Controversies over Impact of Micro-finance

Micro-finance programs are designed in aiming to provide financial services to individuals traditionally excluded from the banking system, especially women.

Most micro-finance initiatives in China, as well as many programs elsewhere (most notably Grameen Bank in Bangladesh), explicitly target the poor (Park and Ren, 2001). For instance, "...the Grameen Bank now has over two million borrowers, 95 percent of whom are women, receiving loans that total \$30-40 million per month. Reported recent repayment rates average 97-98 percent. The micro-finance movement has made inroads around the world and in the process poor households are being given hope and the possibility to improve their lives through their own labour" (Morduch, 1999).

In response to the continuation of poverty and gender inequity in the distribution of resources, a growing literature is emphasizing planned interventions at the grass roots level and at improving the socioeconomic conditions of women. To this end, microfinance programmes are currently being promoted as a key strategy for simultaneously addressing both poverty alleviation and women's empowerment (Mayoux, 1997). The credit-based income-generating project, which mobilizes and organizes women at the grass roots level and provides access to supportive services, is becoming a leading mechanism of planned intervention for poverty alleviation (Amin et al, 1998).

Often, owing to their flexibility and grass-roots level organizing ability, non-governmental organizations (NGOs) are interested with the task of administering micro-level development programs to mitigate poverty and to enhance women's empowerment. Bangladesh is no exception to this growing trend, in which an ever increasing number of NGOs are providing collateral-free micro-credit to

poor women in order to improve their livelihood and economic status (Ibid, 1998) .

According to Mayoux (1997), microfinance programs targeting women have been a welcome corrective to previous neglect of women's productive role. For some women in some contexts, microfinance programmes have indeed set in motion of empowerment. There are many anecdotal case studies in NGO reports of women who have shown considerable initiative, increasing their income and improving their status in the family and community, particularly after a series of loans. Similarly Park and Ren (2001), argued that such microfinance programs have increased incomes and have other positive effects, such as gender empowerment, improved nutrition, lower fertility, higher educational attainment, and reduced consumption variability.

Where financial service provision leads to the setting up or expansion of micro-enterprises there are a range of potential impacts including: 1) increasing women's income levels and control over income leading to greater levels of economic independence; 2) access to networks and markets, giving wider experience of the world outside the home, access to information and possibilities for development of other social and political roles; 3) enhancing perceptions of women's contribution to household income and family welfare, increasing women's participation in household decisions about expenditure and other issues and leading to greater expenditure on women's welfare; 4) more general

improvements in attitudes to women's role in the household and community (Mayoux, 1997).

Credit programs empower women by strengthening their economic roles, increasing their ability to contribute to their family's support, and that they also empower through other mechanisms. Its consistent central focus on credit explains Grameen Bank's stronger effect on women's contribution to family support and on empowerment. The ritualistic, disciplined mode in which Grameen Bank, and to some extent the Bangladesh Rural Advancement Committee (BRAC) operates, strengthens the participants' ability to control their assets and income, as well as helping them to establish an identity outside of the family, and giving them experience and self-confidence in the public sphere. (Hashemi et al, 1996).

Goetz and Gupta (1996) argued that "...Credit delivers a range of particular benefits when targeted to low-income women. It is seen as a critical input for increasing women's employment in small-scale enterprise and is expected to encourage the adoption of improved technology to enhance productivity of women's homestead-based income-generating and expenditure-saving work." Further, as many studies show, increase in women's incomes improve the unique livelihood enhancement functions women perform for their households as brokers of the health, nutritional, and educational status of other household members. It is also argued that credit represents a form of economic empowerment which can enhance women's self-confidence and status within the

family, as independent producers and providers of a valuable cash resource to the household economy.

However, credit is a liability and by itself does not empower borrowers. According to Ackerly(1995), "...in order for the liability to be empowering, it must be a means." So that organizations that wish to empower women should design their programs to create for workers, borrowers, and husbands, incentives that promote women's empowerment through well defined and observable empowerment – promoting tasks and evaluation criteria. Appropriate tasks and corresponding evaluation criteria, designed to increase borrower's direct involvement in the activity funded by her loan, can make credit a means to empowerment.

Accumulating evidence of women's higher repayment rates has led many programmes to target women. This evidence has been used by gender lobbies within the major aid agencies to justify arguments for female targeting and an emphasis on facilitating women's access to microfinance programs (Mayoux, 1999). However, Goetz and Gupta (1996) and Noponen (1990) argued that, impact on empowerment cannot be inferred from take-up of financial services or repayment levels. Women may repay through taking loans elsewhere and getting into serious debt while loans may be controlled by men. Some researchers have expressed concerns that women's micro-finance programmes may be merely using women as unpaid debt collectors mediating between development agencies

and male family members, increasing their dependency on men and/or conflicts between women to fulfill repayment targets.

According to Kabeer (2001), "...these conflicting conclusions about the 'empowerment' potential of credit for women are both apparent and real. What appears to be contradictory findings concerning, for instance, the extent to which credit exacerbates or lessens violence against women, enables or fails to enable them to acquire independent assets, is associated with an increase or decrease in their living standards is partly a difference in methodology. It reflects the fact that some studies relied largely on statistical data and significance tests for their findings while others relied on more qualitative, sometimes anecdotal, evidence. Conflicting conclusions about the impact of credit also reflect differences in the questions asked by different evaluations."

Finally she argued that, by and large, the negative evaluations focused on processes of loan use while the positive ones focused on outcomes associated with, and attributed to, access to loans. The validity of both sets of measures depends on their conceptual clarity and on the validity of their underlying premises.

2.2.2 Other Countries Experience

Empirical evidences gathered in diverse contexts suggest the prevalence of both negative and positive impacts of micro-finance on women socio-economic

conditions. A study conducted by Amin et al in 1998, goes to argue that targeted credit can be used as a mechanism for enhancing poorer women's existing socio-economic conditions and thereby altering the relations between gender and class, to the benefit of the weaker parties. The authors attempted to explore the relationship between poor women's participation in micro-credit programmes and their empowerment by using empirical data from rural Bangladesh. This has been done by examining quantitative data collected from a representative sample consisting of female borrowers and non-borrowers from each of five NGO program areas, and the other sample consisting of non-borrowers from counterpart non-program areas with no significant presence of any NGO program¹.

The results show that the NGO credit members are ahead of the non-members in all three indices of empowerment, irrespective of nonmembers' residence in programme areas or non- programme areas. Moreover, the non-members within NGO programme areas show a higher level of empowerment on the autonomy and authority indices than do the non-members within the comparison areas.

¹ According to the study, the concept of women's empowerment has been split into three components and measured separately in order to arrive at a better understanding of their underlying factors and their relationship to women's empowerment. 1)Intersperse consultation index-micro-credit programmes - by providing control over material resources micro-credit should raise women's status in the eyes of husbands 2) Individual autonomy index - by providing independent sources of income outside home, micro-credit tends to reduce economic dependency of women on husbands and 3)authority index - the same independent sources of income together with their exposure to new sets of ideas, values and social support, should make these women more assertive of their rights

The results further indicate that education, house type, yearly income, etc., tend to be positively associated with autonomy and authority indices. Also positively associated are duration of NGO membership and non-agricultural occupations. The implications of all these findings are that NGO credit programmes in rural Bangladesh are not only likely to bring about rapid economic improvement in the situation of women but also hasten their empowerment.

Contrary to what has been said above, Hossain (1984), concluded that low-income women borrowers in Bangladesh invest cautiously in low-risk, familiar, low-productivity enterprises. A recent RD-12 study of loan use shows that rates of return for women's income-generating activities average 145% while rates for men, 211% (Matienzo, 1993). By far, the bulk of loans taken by women in special credit programmes are invested in traditional activities such as paddy, husking, petty trade, and livestock rearing, most of which show a negative return to labor when it is imputed to the male agricultural wage rate.

Hunt's (2002) findings indicated that only a minority of women receiving credit from poverty-oriented micro-finance programmes are controlling their loans. Many women are merely passing the full amount of their loans directly to their husbands, sons or sons-in-law, with little or no access to the income generated and receiving back only enough money to make weekly loan repayments. In other cases, loan management and control within the family is more complex, with some women keeping part of their loans for their own enterprises and

passing on the remainder to men. Goetz and Gupta (1996) also found that, on average, only 37 per cent of loans provided by four different Bangladeshi credit organizations were either fully or significantly controlled by women, where significant control does not include control over marketing, and may thus imply little control over the income generated. Figures for BRAC were even lower, with only 28 per cent of loans controlled by women.

In addition, lacking appropriate designs to increase borrower's involvement in the activity funded by her loan, many programmes failed to reach their goals and might have even resulted in negative impacts on women borrowers. Related to this, Mayoux (1999) indicated that many programmes have had negative impacts on women. Where women have set up enterprises, this has often led to small increases in access to income at the cost of heavier workloads and repayment pressures. In many cases, the loans have been used by men to set up enterprises over which women have little control. In some cases, they have been employed as unpaid family workers with little benefit. In others, there have been indirect benefits and improvements in various aspects of women's well-being as a result of greater recognition of their role in the household and community. While in some cases, women's increased autonomy has been temporary and led to withdrawal of male support. Moreover, in some programmes, there are increasing fears that women's small increases in income are leading to a decrease in male contribution to certain types of household expenditure.

A review of the literature raises serious questions about the extent to which women retain control over assets purchased as a result of credit. Kabeer (1998)

finds that microfinance has been effective in increasing incomes and assets, although certainly not in the poorest households. She found that women tend to spend income, when they do control it, on household consumption and ‘security-related assets’ such as homestead land, whereas male borrowers are more likely to invest in further productive activities.

On the other hand researches undertaken by BRAC showed very mixed results regarding the impact of micro-finance on whether women are able to acquire and control assets. While one study found that control of assets by women has increased due to their involvement in BRAC groups (Pitt and Khandker, 1995), another study (Halder and Husain, 1998) found that both the ownership of assets and the calorie consumption of BRAC members are negatively correlated with length of membership in BRAC groups. This implies that the poorest BRAC members needed to sell some assets for debt servicing, and that they are more likely to use their loans for less productive activities and for consumption.

2.2.3 The Micro-finance Experience in Ethiopia

A study conducted on the Dedit Credit and Saving Institution (DECSI); found that DECSI’s program has had a positive impact on the livelihoods of its clients. Compared to non-clients, clients have experienced greater improvements over the last five years (2000 – 2004). Their situation has improved in terms of income, consumption and assets. They also seem to be more food secure and less vulnerable to shocks and have a greater diversification in terms of income sources. The study found that the improvement in economic condition of the

clients is a necessary condition for DECSI's program that could lead to social and political empowerment for the marginalized groups. The study also concluded that economic empowerment leads to social and political empowerment.

On the other hand, this study also indicated the negative effects of DECSI's program. A considerable number of credit-financed ventures fail with a possible effect on indebtedness and asset depletion of clients. In addition, a high level of school dropout rates of client's children is registered. This is for a purpose of shepherding animals purchased by program fund (Borchgrevink et al, 2005).

The other study was conducted on OMO and SIDAMA micro-finance institutions' women clients in Awassa town, Southern Nations and Nationalities Peoples' Regional State. According to this study, a majority of the clients are involved in the making and trading of food, and food-related products. The study also witnessed there is no diversification in their business activity. The reason for this is that the production of food and related items trade involves less risk compared to other activities. The study further found that 92% of them are not very much aware that the savings are more important than credit to build their future. The researchers' explanation of this finding is that MFI's savings policy is only to cover the risk situation rather creating any element of thrift among the clients.

Nevertheless, the study argued that there is a good influence of micro credit on the urban women working groups in terms of income and self-employment generation. Furthermore, it also reflected in many cases in business improvements, decision making process and asset formation at low levels, and it is believed not sufficient (Padma and Getachew, 2004).

2.3 Microfinance Development and Women's Participation in Ethiopia

Up until the early 1990s, the sources of finance for rural and urban poor and micro and small enterprise operators in Ethiopia were confined only to informal sources of finance like moneylenders, friends and relatives (Itana et al, 2004). He further noted that, starting in the mid-1990s, following the drought of 1984/85, some Non-Government Organizations (NGOs) introduced the idea of saving and credit among poor people as a strategy for rehabilitation and development. Later on, special government programs operated mainly in collaboration with international financial institutions came into the picture. However, both types of programs were operated in a scattered manner and lacked sustainability until 1996.

Of the substantial measures taken to liberalize the financial sector, the promulgation of proclamation No.40/96 is most commonly cited. The proclamation provides the framework to create, expand and develop micro-

finance programs. Micro-financing is viewed as a means to alleviate poverty through pumping capital to subsistence agriculture and micro enterprises.

Following the Agricultural Development Led Industrialization (ADLI) strategy of the EPRDF government, rural finance has been considered as an important tool for agricultural and food security (Belay, 2001). Consistent with its ADLI policy, the government had to reconsider the operational modality of micro-finance to facilitate a very significant improvement in service delivery and outreach. Consequently, the government came up with Proclamation No.40 in June 1996. The central elements of the proclamation seem to be outreach and sustainability. That is, if properly implemented, the proclamation has the potential to facilitate significant outreach, and the flourishing of several sustainable Micro-finance institutions (Meklit MFI et al, 2005). After the enactment of this Proclamation, about 26 MFIs have been legally registered by the National Bank of Ethiopia (NBE), (Wolday, 2007).

The importance of the micro and small enterprises sector in Ethiopia, particularly for the low-income, poor and women groups, is evident from their relatively large presence, share of employment and small capital requirement. These are sufficient reasons for governments and other stakeholders in development to be interested in micro and small enterprises (Gebrehiwot and Wolday, 2001).

In line with the development of micro-finance institutions, the Government of Ethiopia set up participatory rules and policies which gave space for women

productivity. Padma and Swamy (2003) noted that, government has formulated and issued the Ethiopian Women's Policy to speed up the economic and social advancement of women. This policy gives special emphasis to rural women by 'facilitating the necessary conditions whereby they can have access to basic services and to ways and means of lightening their workload'. Consequently, all development programs at national and regional levels should be able to integrate gender concerns in their plans and programs to ensure that women participate, contribute, benefit, become recognized, and obtain technological support. Rural development programs need to reorient their implementation strategies so that they would target rural women as beneficiaries of development initiatives and programs. Within this framework, anti-poverty and women empowerment could be aspects of the major development strategies.

Ethiopian MFIs have served 1,211,305 clients nationwide up to June 2005. The loan portfolio in the hands of active clients was about Br 1.5 billion (173 million USD). The average loan size was about Br.1000 (116 USD).Ethiopian micro-finance industry is dominantly serving the rural poor. About 38 percent of clients of the MFIs are female (Wolday, 2007). As the overriding objective of MFIs in Ethiopia is to provide a broad range of micro-finance services to large numbers of poor households, it should be their (MFIs') priority to accommodate remarkable numbers of women clients to accomplish tangible changes in the livelihood of the rural poor.

Chapter Three: Background on ACSI and Description of the Study Area

3.1. Amhara Credit and Saving Institution (ACSI)

3.1.1. Mission and Organizational Objectives

A major part of the rural credit in the Amhara Region is provided by the Amhara Credit and Savings Institution (ACSI), a micro-finance share company. ACSI started operations in 1995 as a department of a local NGO, the Organization for the Rehabilitation and Development of Amhara (ORDA); and has grown to become one of the largest MFIs in Ethiopia. As the first licensed MFI, the Amhara Credit and Savings Institution was established in 1996 and registered as a microfinance share company in April 1997. ACSI's primary mission is to improve the economic situation of low income, productive poor people in the Amhara region primarily through increased access to lending and saving services.

The institutional objectives of ACSI are: (1) Productivity Objective – through which agricultural and non-agricultural economic activities are promoted; (2) Outreach objective – for poverty alleviation and stimulating the region's economic growth, giving priority to rural and remote communities, particularly women; (3) Impact objective - which helps to significantly increase the income

and asset position of clients; and (4) Institutional sustainability – to promote sustainable financial services, both operational and financial (ACSI, 2004a).

3.1.2. Operational Modalities, Products and Performance

As indicated in an internal report of the micro-finance institution,² ACSI follows the Group Guarantee and Lending Model (GGLM). Accordingly, all sample clients in this study are those who have taken loans by forming a group of borrowers. Regarding the size of loans granted by ACSI, the same internal report suggests that the best way to introduce the very poor to the business world is to start with small, but surely progressive loan sizes between loan cycles, as the client is expected to gain business experience through time. Related to this, ACSI believes that the smaller the loan size, the shorter would be the repayment period. While this has for long been limited to one year, pursuant to the National Bank directives, it has been extended to two years, and up-to five years for specific loans. Currently, the loan interest rate is 18% while the savings interest rate is 2%.

Getaneh (2005) indicated in his recent study that ACSI currently delivers four types of financial services: Credit, Savings, Pension Fund Management and Money Transfer. Through its 10 branches and 174 sub-branch field offices, it has reached all 105 Woredas (districts) in the region, and operates in over 2221 Kebeles or Peasant Associations (over 75% of the total in the Region). As of February 2005, ACSI had an outreach of over 345,000 active credit clients with

² ACSI, 2004 (already cited).

over US\$ 35 million outstanding loan balance, 35% of them being poor women. Regarding women access to micro-finance services, one dimension of welfare improvement is its impact on women's empowerment. Thus, ACSI has a target of delivering at least 50% of its credit service to women.

A study conducted by USAID (2005) observed that ACSI has often focused on the poorest of the poor, and particularly on women. This is mainly because of the assumption that women are believed to have the highest impact on poverty alleviation and food security within the household. ACSI's credit service had initially planned to reach at least 50 percent women clients, a target that it attained since 1998, but over the years this has dropped. As of August 2005, 38 percent of clients were women. According to the USAID study, many reasons account for this decrease i.e. as outreach expands to the very remote and peripheral areas of the Region, the challenge of attracting additional women increases and in the most remote areas, women become more risk averse.

Regarding the micro-finance service coverage in Amhara region, it has been recognized that ACSI, other smaller MFIs and Saving and Credit Cooperatives (SACCOs) have only managed to satisfy between 10 to 12% of the demand. In other words, there are many economically active poor people who have not yet been reached by micro-financial services. Thus, expansion into new areas so as to include more poor and marginalized people has been taken as a top priority of the microfinance institution (ACSI, 2004b).

Considering the relative size of clients that it serves, the amount of loans it has disbursed, the area coverage it has reached, the recovery rate plus the persuasive impacts that the institution has brought about on the lives of the poor by rendering credit and saving services, ACSI has been adjudged to be one of the largest MFIs in Africa (MicroRating Africa, 2005).

This same USAID study highlights some positive and negative points about the operation of ACSI. The remarkable low operating expense ratio (6.0 percent, which is amongst the lowest in the world for micro-finance institution, USAID, 2005); excellent portfolio quality; strong support from the state government; excellent growth prospects, given the apparent lack of competition; and, sufficient liquidity to manage future growth are some of the identifiable strengths of the microfinance institution mentioned in the report. While the identified weaknesses include the absence of an automated MIS (Management Information System); high concentration of agricultural lending in the loan portfolio (which is a major risk because in the event of an agricultural failure, there would be a significant negative impact on the institution), the report also observed that ACSI needs to strengthen its risk management framework (e.g. asset and liability matching), low portfolio yield (given the strong influence from government) and un-improved lending methodology for new individual loan products.

3.2 Description of the Study Area

3.2.1 Physical Features

3.2.1.1. Geographical Location and Administration Structure

Kobo Woreda is one of the nine woredas within the North Wollo Administrative Zone, which is one of the eleven zones in the Amhara Regional State. Kobo town lies about 50 km North of Woldiya (the Zonal Capital) and a distance of 570 kilometres from Addis Ababa to the north-east. The Woreda is bounded by the Tigray National Regional State in the North, Afar National Regional State in the East, Gidan Woreda in the West and Habru Woreda in the south. The total area of Kobo Woreda is approximately 2,312 square kilometres (Gorelik et al, 2000).

Kobo Woreda is divided into 34 rural and 6 urban Kebeles.³ The urban Kebeles are located in Kobo Town (with 4 ‘Kebeles’), Robit as well as Gobiye. At both Woreda and Kebele levels, the administrative councils, elected by the local population, administer the basic government programmes and services. The territorial division of Kobo Woreda is shown on Map 1 in Appendix II.

³ Recently, 3 rural Kebeles were re-organized and further sub-divided into 6 Kebeles. This study has used the previous divisions.

3.2.1.2. Topography and Climate

The altitude of Kobo Woreda ranges from 1400 to 2000 meters above sea level. It encompasses the three major agro-ecological zones of Ethiopia. The area has the lowlands (Kolla), mid-lands (Woina Dega) and highlands (Dega), which constitutes 56%, 37% and 7% of the total land area, respectively. Approximately 65% of the area within the district is defined as plain land, 20% mountainous and 15% rugged. The Woreda is characterized by three climatic zones, namely, tropical rainy climate, warm temperate climate and hot semi-arid climate. (Yeshiwas and Mulugeta, 1999).

3.2.2 Socio-Economic Aspects

3.2.2.1. Population

According to the Kobo Woreda Administration office population projection in 2007 (based on population and housing census of 1994), the total population of Kobo Woreda is 240,478, of which 120,654 were males and 119,824 were females. According to the same source, the average family size of households is estimated to be 5. The economically active population for the study area is approximately 56%. This is primarily due to the high participation of the 10-14 years age group in the labor force. More than 60% of the children in this age group are formally included in the economically active population (Kobo Woreda, 2006).

3.2.2.2. Agricultural Development

Agriculture is the main stay of the economy of Kobo Woreda in which about 85% of the population is engaged. The farming system can generally be characterized as mixed, and includes the production of arable crops and the raising of livestock. The level of production for both sectors remains far below its potential, mainly because of adverse climatic conditions due to erratic rainfalls and long standing drought periods. Other reasons include, the relatively small land holdings; which range from 0.25 to 0.75 hectares, and insufficient application of basic agricultural inputs such as fertilizers and pest control techniques.

3.2.2.3. Livestock

According to the information obtained from the district agricultural office, Kobo's subsistence small holder farmers own a substantial number of livestock. Cattle are the most important, in terms of contribution to the regional economy through the supply of milk, hides and skin and dung (cow droppings) used as household fuel. At times of drought, the cattle are sold to raise cash for the purchase of cereals and other essentials. Small stocks consisting of goats and sheep are reared primarily for their meat, and secondly as an investment as well as a source of cash in times of need.

3.2.2.4. Crop Production

The majority of the farmers are completely dependant upon rain-fed farming. According to Gorelik et al, (2000), the total area under cultivation is 53,011 hectares. Annual crops cover a total of 53,000 hectares whilst and perennial crops utilize only 11 hectares. Thus, the area of land used for the cultivation of perennial crops is very small. Since some parts of Kobo Woreda are also semi-arid, the major climatic constraint is the limited amount and uneven distribution of rainfall. It is this erratic nature of rainfall which negatively impacts on the production of food crops and makes the people to be dependent on supplementary food assistance (food aid).

3.2.3 Rural Finance Development

Until 1989 E.C, before ACSI started its program in Kobo Woreda, there was no financial institution or organization which provided services in the area. Even presently, the people of the Woreda obtained bank services from the zonal capital, Woldiya, which is 50 kilometres from Kobo town.

ACSI provides micro-finance services in Kobo Woreda for a total of 5,115 clients through its three sub-branches located at Kobo, Robit and Sanka. The number of clients for each sub-branch are 1204, 578, and 102 female clients respectively. Accordingly, women account for 36.83% of the total client base.

Quite recently (one month before the data collection for this study) the Federal Food Security Agency began providing agricultural credit service in few Kebeles of the Woreda through the Woreda Agriculture Office.⁴ The program provides individual loans with an interest rate of 7%, with a repayment period of three-years. The main purpose of the loan is to help poor peasant farmers engage in livestock development. With respect to the ACSI programme, clients in ACSI are unable to participate in this agricultural loan at the same time, unless they first withdraw from the micro-finance service programme offered by ACSI.

⁴ Since the credit program was started recently (about one month before the data for this study was collected) and as such, is not expected to have any significant impact on the life of borrowers, activities financed by this loan are excluded in this study.

Chapter Four: Data and Study Methodology

4.1 Data Type and Source

This study mainly uses primary data gathered by means of a structured questionnaire responded to by ACSI clients, drop-out (ex-clients) and non-clients in rural Kebeles of Kobo Woreda. Alongside, focused group discussions were held with each category (namely, client, ex-client and non-client). In addition, separate interviews were conducted with officials and experts of ACSI at different levels i.e. at Regional (Head Office), Zonal (Branch Office) and Woreda (Sub-branch Office) levels. Similarly, information was gathered from women who have case histories and from other relevant bodies through interviews, and discussions with Woreda Women's Affairs Office and Woreda Agricultural Office. Discussions were also held with male clients on the general operation of the ACSI micro-finance program.

The study was also augmented by secondary data obtained from various sources (books, occasional papers, journals, proceedings, reports, etc.). This study used both quantitative and qualitative data. As argued in the literature, quantitative analysis cannot always reveal the views and opinions of people involved in a novel programme. Thus, the quantitative analysis of the survey data in the present study has also been complemented by qualitative data gathered from

focus group sessions, selected interviews with women who have case histories, and other relevant bodies.

4.2 Sample Design and Procedure

The survey used cross-sectional data. A total sample of 171 rural women was selected from 8 rural kebeles of Kobo Woreda. The selection was made by selecting six Kebeles among the 24 rural Kebeles where ACSI provides micro-finance services and two from among the 10 rural Kebeles where ACSI or other MFIs do not operate. The latter was intended to serve as a control group.

The sampled Kebeles were selected using stratified random sampling technique based on distance of Kebeles from Woreda town. Both ACSI micro-finance provided and not provided kebeles were categorized in to two groups: kebeles which have distance up to 25 km from the woreda town were in one group and kebeles which have a distance of above 25 km were in the other group. Accordingly 6 kebeles (3 from each group) from the 24 ACSI program kebeles and 2 kebeles (1 from each group) from the 10 non-program kebeles, totally 8 sample kebeles were randomly selected. Sampled women in each category were selected randomly using the roster of sub-branch offices, except non-clients who were selected from the total population of these Kebeles based upon the selection criteria of ACSI; that is, those who have a maximum of one ox, were selected.

The survey was initially planned to contact 25 respondents per Kebele from a total of 8 Kebeles, thereby giving a total of 200 respondents. From each of the

program Kebeles, 10 matured clients, 6 incoming (new) clients, 6 drop-outs (ex-clients), and 3 non-clients⁵ were allocated. For the non-program Kebeles, all 25 respondents in each Kebele were non clients. Finally, a total of 171 fully recorded questionnaires; 129 from program Kebeles and 42 from non-program Kebeles were considered for this study.

Ideally, counterpart non-programme areas (i.e. control group) should be similar with program areas in other respects except availability of microfinance services. In this respect, the two groups of kebeles share similarities in infrastructure availability, communication facilities and other socioeconomic characteristics, including literacy rate, topography, access to electric power, and presence of other development programmes.

The selected two non-programme Kebeles are similar to programme areas: first, this research is a case study (conducted on one Woreda), therefore, it is not expected that there would be any significant natural heterogeneity between Kebeles that are situated within the same Woreda; second, the development activities encountered and the distribution of facilities are rather similar between them. Selection of sample women in the two non-programme Kebeles was done from among those who would be normally eligible for participation in the ACSI program as per the ACSI criteria.

⁵ Matured clients are those ACSI members who are participated in the program for a t least 3 years; incoming clients are new member of ACSI who participated for a maximum of 1 year; dropouts are ex-clients who withdrew from the program; Non clients are those who have no participation in (no access from) ACSI or any other MFIs

4.3 Study Methodology

4.3.1 Micro-finance Impact Assessment Approaches

The methodology employed to assess the impact of micro-finance on women's economic empowerment utilizes different approaches. In this study, in order to evaluate the impact of ACSI's micro-financing on women's economic empowerment, the methodology used by Amin et al (1998) is employed. According to these scholars, comparing clients with non-clients in non-programme areas with respect to women's economic empowerment is used to examine whether or not a variation in economic empowerment could be explained by a variation in membership. Similarly, non-clients from microfinance program areas are used to compare with non-clients from non-program areas in order to look at the diffusion effect of microfinance membership on women's economic empowerment among non-clients. In addition, incoming-clients are compared with matured-clients, in order to analyze the effect of the duration of microfinance membership on women's economic empowerment.

Schuler and Hashemi (1994) used combining and comparing participants and non-participants with residents of villages with out credit programs, in order to look at village-level effects. In addition, a membership duration variable is used to test the effect of credit programs on women's economic empowerment; whether this increases over time.

Despite its popularity, the “before” and “after” evaluation approach has great limitation when used to assess the impact of microfinance on women’s economic empowerment (SEEP network, 2001). It depends only on client self-reports; and the lack of a comparison group makes it impossible to know whether the changes described by clients exist because of the programme, or if they simply represent general trends in the area.

Also, it is indicated that the method of making comparison between clients and non-clients (control group) is the most common cross-sectional design used in evaluation research. Even though this approach represents an improvement relative to “before” and “after” method of impact assessment because of its controlling group, this method also has its own limitations i.e. the responses of clients are compared to those of non-clients through a with/without framework.

Therefore, it is believed that the method of comparing matured and incoming clients with respect to empowerment is the most promising and useful tool and is the most valid of the cross-sectional approaches.

Accordingly, in order to avoid the above limitations, this study used both “Matured versus Incoming Clients” and “Matured versus non-Clients”. The justification of using “Client versus non-Client” and “Matured versus Incoming Clients” approaches is to control for the respondents’ demographic and socio-economic characteristics in the regression model.

4.3.2 Logit Model

The empirical analysis of the study is conducted using both descriptive statistics and regression analysis. Result discussion based on descriptive statistics is made by using measures of dispersion like mean, standard deviation, variance and the like. In addition, ratios, percentages, tables and maps are also used. The regression analysis is based on binomial logit model, one of the models to deal with dichotomous dependent variables.

The Logit model is applied in determining women's economic empowerment since the empowerment indicator, i.e., the dependent variable (decision-making on large sales) is dichotomous. The observable variable, decision making on large sales, is used as a proxy to judge whether or not economic empowerment actually exists that is unobservable to the researcher. If we state the regression equation as:

$$Y_i^* = \beta X_i + \mu_i \quad \dots\dots\dots (1)$$

Where Y_i^* is the unobservable variable, which is estimated by the dummy variable Y , which takes a value equals 1 (thus Y_i^* exists), otherwise 0 (thus Y_i^* does not exist); β is the parameter to be estimated; X_i is the independent variable; and μ_i is the unobserved error term. With this formulation, for the independent variables (most of them are dummy in our case) which are not normally

distributed, the Logit maximum likelihood estimators are consistent and more robust (Maddala, 1999:27).

In qualitative response models the dependent variable is an indicator of a discrete choice (Greene, 2003). Decision making on household large sales, as dichotomous dependent variable, takes the value of 1 if the respondent says ‘I can decide to sell goats/sheep by myself’ otherwise, 0.

The probability of women clients to be empowered (P_i) can be given as:

$$P_i = \Pr (Y=1) = E (Y/X_i) = 1 / (1+e^{(\beta_1 + \beta_2 X_i)}) \dots \dots (2)$$

if $y = 1$, women clients decide on large sales (economically empowered); and if $y = 0$, then the women clients do not decide on large sales alone (not economically empowered); $E (Y/X_i)$ is the expectation that a woman client decides on large sales (economically empowered) given the values of exogenous variables (X_i), where betas are the parameters to be estimated.

The value of β (the coefficient) determines the direction of the relationship between the explanatory variables X_i and the dependent variable Y_i . When β is greater than zero, larger (or smaller) X_i values are associated with larger (or smaller) of Y_i . Conversely, if β is less than zero, larger (or smaller) X_i values are associated with smaller (or larger) of Y_i (Peng et al, 2002). However, the parameters of the model, β are not marginal effects as is the case in linear

regression models. In discrete choice models like the logit model, where most of the explanatory variables are dummy, it requires to calculate the marginal effects of the variables separately. The calculated marginal effects must not be also interpreted as 'a small change' of X_i , since it is rather the effect of change in a dummy variable (say from 0 to 1) or change of state (Greene, 2003).

The Logit model is based on the logistical curve, for all values of the regressors. This is a more realistic pattern of change in the probability compared to other Qualitative Dependent Variable Models like the Probit, for two reasons. First, the odds ratio, which is a measure of the strength and direction of relationship between the two variables, has a special property of not requiring variables to be normally distributed. Second, a mathematical transformation of the odds ratio is the logit model. This mathematical transformation removes the problem of asymmetry existing in the odds ratio and in turn makes this a superior method (Peng et al, 2005).

4.3.3 Formulation of the Empirical Model and Description of the Variables

Decision making on household large sales is the dependent variable used to study the economic empowerment of women clients. It is hoped to capture empowerment in practice (as opposed to rhetoric) as expressed through their role in the decision to sale major household assets such as oxen, cows etc. This

indicator (decision making on household large sales) is one of the eight selected empowerment indicators in the 1996 study by Hashmi et al. For the purpose of the present study, “large sales” indicates “the sale of goats and/or sheep”.

We resorted to using the role of women in the sale of goats and/ sheep as economic empowerment indicator is selected because of two reasons. First, using other larger household assets such as oxen and camels would be problematic because the majority of the respondents may not own such assets. Second, using miscellaneous household assets would also be problematic because they are normally left to women, hence may not indicate empowerment status. Thus, decision-making on the sale of goats and/or sheep is considered as a reasonable indicator which minimizes the above problems. The question of decision-making on household large sales is expressed in dichotomous form for different scenarios. Thus, a “women alone decision” is assigned a value of 1, otherwise 0.

The Economic Empowerment Function of this study is defined as:

$$DMLS=f(BCA, RLE, HHHEAD, AFRA, AYHI, LOS, PCS, HO)$$

Table 4.1 Definition of variables and the expected sign of explanatory variables

Variable Name	Definition of Variable	Expected Sign
<i>Dependent variable</i>		
DMLS	Decision making on large sales (dummy, if yes=1)	
<i>Independent variables</i>		
BCA	Being Client of ACSI (dummy, if matured=1)	+/-
RLE	Respondent's Level of Education (categorical, illiterate=0, read and write=1, G 1-4=2, G 5-8=3, G 9-12=4)	+
HHHEAD	Household head (dummy, if woman is household head = 1)	+
AFRA	Animal fattening and rearing activities as an alternative occupation (dummy, if yes = 1)	+
AYHI	Average yearly household income of respondents (continuous)	+
LOS	Loan from other sources other than MFIs (dummy, if yes=1)	+/-
PCS	Existence of personal cash savings (dummy, if yes=1)	+
HO	Home ownership (categorical, If no=0, " gojo "=1, "yesar adarash "=2, "korkoro bet "= 3, more than one type=4)	+

Maximum Likelihood Estimation estimates the above model and the qualitative analysis is carried out using the statistical package, STATA 9.0.

Chapter Five: Empirical Analysis

5.1 Characteristics of Sampled Respondents

5.1.1 General Characteristics

As already mentioned in chapter three, ACSI has about 5115 clients in Kobo Woreda, of which 1884 (36.83%) of them are women. A total of 171 women were randomly selected for this study. From six Kebeles where ACSI actively provides micro-finance services, 54 matured (existing) clients, 33 incoming (new) clients, 26 drop-outs (ex-clients), and 16 non-clients were sampled. The rest 42 respondents were non-clients selected from two non- programme areas.

The sample result shows that 31.5% of the total respondents are within the age range of 41 to 50 years. The minimum and maximum age of the respondents is 17 and 80 years respectively, with a mean age of 41. When the age distribution of matured clients is separately examined, 41% are within the age range of 41 to 50. The minimum and maximum age of respondents in this category is 20 and 76 respectively, with a mean age of 46. The mean age of matured clients is higher than the mean ages encountered in the other sample categories. (See Table 5.1)

Of the total 171 respondents 121 (71%) are widowed or divorced women, and the rest were married women. Among the married women, 7 are heads of their

individual households, of which 4 are matured clients, 1 an incoming client, and 2 of them are drop-outs (ex-clients). All the matured clients that are married, who also headed their respective households, reported that they considered themselves as household heads on account of the fact that they took the main decisions when it came to major household decisions. According to them, this happened because participation in the loan programme helped them to generate income and own resources in the household. (See Table 5.3)

Table 5.3 Distribution of Respondents by Marital Status and Family Head

Marital Status Vs Head of Family	Matured Clients		Incoming Clients		Non-Clients				Dropouts		Total
	Female Headed	Male Headed	Female Headed	Male Headed	In Programme Areas		In Non-Programme Areas		Female Headed	Male Headed	
					Female Headed	Male Headed	Female Headed	Male Headed			
Married	4	8	1	9	-	6	-	11	2	9	50
Widowed	11	-	5	-	2	-	6	-	6	-	30
Divorced	31	-	18	-	8	-	25	-	9	-	91
Sub total	46	8	24	9	10	6	31	11	17	9	171
Total	54		33		16		42		26		171

The descriptive statistics also shows that, the average family size of each category of respondents was four (See Table 5.17). The largest and smallest family size of the total respondents was 10 and 1 respectively (See Table 5.5). Regarding the educational level attained, the majority of respondents (61%) were illiterate and none of the respondents completed 12th grade. 65% of the matured clients, 49% of the incoming clients and 50% of the non-clients in programme areas, and 71% of non-clients in non-programme areas, and 58% of dropouts were illiterate (See Table 5.4).

The majority (88%) of the total respondents were Ethiopian Orthodox Christians, and the rest 12% were Muslims.⁶ In almost similar proportion, from a total of 87 ACSI clients, 86% were followers of the Ethiopian Orthodox Christian faith, whilst 14% were followers of the Islamic religion (See Table 5.2). One observation confirmed by the study is that none of the two religions seems to be a deterrent factor for women’s participation in the micro-finance programme.

Regarding the main occupation of respondents, the majority, 97%, were engaged in farming and the rest 3% were engaged in micro-businesses, mainly selling locally-made beverages such as “Tela” and “Teje”. As a supplementary occupation, 35% of total respondents were engaged in micro-business activities such as food and local drinks preparation, and retail trade activities. In relation to this, 33% of matured clients and 30% of incoming clients practiced animal fattening and rearing activities as a major supplementary occupation and means of their livelihood. On the other hand, only 2 non-clients are engaged in such activities (See Table 5.6).

Table 5.6 Description of Respondents by Main Occupation

Source of Family Livelihood Vs. Main Occupation	Matured Clients	Incoming Clients	Non-Clients		Drop-outs	Total
			In Programme Areas	In Non-Programme Areas		
Farming	51	33	15	41	26	166
Retail/Micro-Business	3		1	1		5
Total	54	33	16	42	26	171

⁶ Of the total population of Kobo Woreda, 80% are Ethiopian Orthodox Christians and the remaining 20% constitute the followers of other religious faiths.

5.1.2 Characteristics of Each Sample Category

5.1.2.1 Matured and Incoming Clients

Of the total number of respondents who were matured clients, 26 (48%) of them have been actively participating in the programme for three years. There were 7 women who had participated in the programme for 9 years, which is the maximum time period. The majority of matured clients, 40 of them (74%), take a cumulative loan of between Birr 2,001.00 and Birr 6,000.00. Amongst these, 60% have participated in the programme for 3 years. On the other hand, amongst the 7 clients in the 9th –year cycle, 3 of them take a cumulative loan of above Birr 16,000.00 each. The minimum loan amount in the third cycle is Birr 500.00, whilst that for the ninth cycle is Birr 800.00. In the 4th and 5th cycles, the minimum loan amount is Birr 600.00 and in the 6th, 7th and 8th cycles, the minimum loan amount is Birr 700.00. The maximum loan amount that could be granted to any client at any given time in all cycles is Birr 3,000.00. (See Table 5.7)

The variability of minimum loan amounts in different loan cycles is because the minimum amount is determined by the individual borrower's demand, whilst the maximum amount in all cycles (3th - 9th cycles) it is determined by the loan programme policy, hence it is uniform for all participants, that is, the maximum amount allowed for rural clients is Birr 3000.00 at any given time in each cycle.

The descriptive statistics shows that the average loan size tends to increase with increment of loan cycles.

Table 5.7 Description of Matured Clients by their Cumulative Loan Size

Loan Cycle Vs. Cumulative Loan Size	No. of Clients	Cumulative Loan Size (in Birr)								Min., Max., and Average Loan Size of Each Cycle		
		2001-4000	4001-6000	6001-8000	8001-10000	10001-12000	12001-14000	14001-16000	Above 16000	Min.	Max.	Average
		3 rd cycle	26	15	9	2						500
4 th cycle	8	6	2							600	3000	1296
5 th cycle	7	6	1							600	3000	1709
6 th cycle	1			1						700	3000	1838
7 th cycle	2		1			1				700	3000	1900
8 th cycle	3				2	1				700	3000	2240
9 th cycle	7			1	1		1	1	3	800	3000	2014
Total	54	27	13	4	3	2	1	1	3			

Regarding the amount of loan requested and the corresponding amount of money approved for clients, 24 respondents reported a certain dissatisfaction (the approved money was less than what was requested) in different loan cycles. Accordingly, the majority, about 13 of them in the 1st loan cycle; 4 in the 2nd loan cycle; 4 in the 3rd loan cycle; 2 in the 4th loan cycle; and, 1 of them in the 5th loan cycle; were granted lesser loan amounts than what they had originally requested.

Clients take the loan basically for three major purposes; to purchase animals for rearing and fattening; to buy oxen for performing farm-work; and, to undertake micro-business ventures such as the preparation of local beverages and processing of food items. The reason for micro-finance programme clients choosing to engage in these types of business ventures are familiarity with the

type of artisanal skills required to undertake such type of work coupled with profitability.

Regarding the issue of loan diversion, of the total number of matured clients, 17 of them have diverted loans. Of these, 9 of them have diverted loans during the first loan cycle, whilst 4 have diverted during the second loan cycle. Even though there are many possible reasons for loan diversion such as consumption smoothing, school expenses for children and house construction, the major reason given by the majority of respondents, especially in the first and second cycles is the insufficiency of the approved loan amount to carry out the intended purpose.

Amongst all the respondents who are matured clients, 6 (11%) of them reported that they faced difficulties with repaying their loan within the participation time period. The reason given by two of them is that their oxen died, whilst 4 of them faced difficulties with group- related problems. 2 of them had to repay their loans by selling household assets and 4 of them repaid their loans by borrowing from relatives.

Regarding the loan group, the incoming clients, 10 (30%) of the respondents fall within the Birr 601 – Birr 800 loan group, whilst 9 (27%) of the respondents fall within the Birr 801 - 1000 loan group. The minimum, maximum and average loan size of clients are Birr 500.00, Birr 2000.00 and Birr 1078.00 respectively, which shows an improvement over the loan size encountered for matured clients

within the first cycle; Birr 300.00(min.), Birr 1200.00 (max.) and Birr 644.00 (avg.) (See Table 5.8) . This might be due to two reasons, namely, the improvement of loan programme procedures and/or the increased confidence of women to take large loan amounts. 12 (36%) of the incoming client respondents reported that they were granted lesser amounts of money than what they had requested. The intended borrowing purpose of incoming clients is similar to the borrowing purpose of matured clients, except that most incoming clients who proposed to practice animal rearing and fattening have focused only on goats and sheep, hence their loan amount is insufficient to purchase cattle. Of total incoming clients 8 (24%) respondents diverted from their intended purpose of borrowing. Regarding the number of clients in a group, the average group membership for matured clients is 4, whilst the number for incoming clients is 5.

Table 5.8 Distribution of Incoming and Matured Clients by Loan Size

Duration of Programme Participation	No. of Clients	Loan Size (in Birr)								Min., Max., and Avg. Loan Size		
		200-400	401-600	601-800	801-1000	1001-1200	1201-1400	1401-1600	1801-2000	Min.	Max.	Avg.
		Incoming Clients										
1 year and less	33	-	2	10	9	1	2	8	1	500	2000	1078
Matured clients												
In the first cycle (1 year)	54	3	29	12	7	3	-	-	-	300	1200	644

5.1.2.2 Non-Clients in Programme and Non-Programme Areas

All the non-clients in both programme and non-programme areas do not participate in any of micro-finance service programmes offered by ACSI.

Amongst 16 none-clients in programme areas 6 (37%) of them have not previously received any information about the ACSI micro-finance programme. 10 (63%) of them have information about the programme but did not participate due to different reasons such as, fear of loan risk, health problem, long distance to the loan offices and lack of awareness. On the other hand, among 42 non-clients in non-programme areas, 27 (65%) respondents have not heard any information whilst the rest 15 (35%) respondents have heard information about the ACSI micro-finance programme. Of all 42 non-clients in non-programme areas, about 87% of them have indicated an interest to participate in the loan program if the micro-finance service had been available.

5.1.2.3 Dropouts

Of the total 26 dropouts who had been surveyed, 13 (50%) of them have left the programme after participating for one year (See Table 5.9). 16 (62%) of the total dropout respondents left the programme within the current year (1999 E.C.), and the reason 9 (56%) of them gave for leaving is their elected preference to participate in the “Maheberat” loan program (which started providing loan service in few Kebeles one month before the data collection of this study). According to these respondents, the main reasons for preferring the new programme are; provision of individual loan service, lower loan interest rate and arrangement of long repayment period compared to the programme offered by ACSI.

On the whole, the major reason for dropping out for about 50% of the total respondents is group related problems. Other reasons that respondents mentioned for withdrawing are; health problems experienced by clients, bad treatment by staffs (poor client service), and relatively small maximum loan amounts (capped) for matured clients (Birr 3000.00 is the maximum amount of rural loan with a very short repayment period of one year. In this regard, active clients have also complained about the due time for repayment. According to them, "...it is not feasible to buy and sell animals within the same year".

Only 2 respondents explained that they left the programme after building their financial capacity and have managed to accumulate the initial capital that would enable them start their own businesses. Regarding the decision to withdraw from the programme, 18 decided independently of their own accord, whilst the rest, 5, 2, 1 withdrew based on the decision made by the programme itself, husbands and the group respectively.

Table 5.9 Description of Dropouts by Duration in the Loan Programme

Duration in the Loan Programme	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
No. of Dropouts	13	6	1	1	1	1	1	1	1	1

5.2 Assessing the Impact of ACSI Micro-finance on Women's Economic Empowerment

In order to evaluate the impact of ACSI intervention in the study area, respondents' current average yearly household income, asset possession, personal voluntary cash savings and participation in household decision-makings were considered.

5.2.1 Effect on Income

To determine the impact of the programme, current average yearly household income of respondents were recorded. Accordingly, the higher proportion of matured clients, 18%, fall with the income range of Birr 1,500 – Birr 2,000 birr; whilst of the total matured clients, 64 % earn yearly household incomes of above Birr 1,500.00. 42 % of incoming clients, 31 % of non-clients in programme areas and 12 % of non-clients in non-programme areas also earn yearly household incomes of above Birr 1,500.00. 13% of matured clients earn an income of above Birr 4,000.00 while only 2% of non-clients in non-programme areas earn a similar amount of income. On the other hand, the majority of them, 43% of these non-clients earn an income of less than Birr 501.00 while only 6% of matured clients earn such an income per year. The resulting data indicates that, most matured clients are in the high income level range (relatively) when compared

with the other category of respondents, whilst only a few matured clients are in the lower level income range. (See Table 5.11)

Table 5.11 Average Yearly Household Income of Respondents

Level of Income in Birr Vs Percentage of Respondents	Below 501	501-1000	1001-1500	1501-2000	2001-2500	2501-3000	3001-3500	3501-4000	Above 4000	Total
Matured Clients	3	9	7	10	4	7	2	5	7	54
Incoming Clients	2	4	10	5	3	6	-	-	3	33
Non-Clients in Program Areas	5	1	5	-	-	1	2	-	1	16
Non-clients in Non-Programme Areas	18	11	8	2	2	-	-	-	1	42

For a clearer comparison, the mean average annual income of each category was calculated. Accordingly, the mean income of matured clients, incoming clients, and non-clients in programme and non-programme areas was Birr 2,476.57, Birr 1,776.70, Birr 1,339.44 and Birr 810.39 respectively. Thus, average yearly income of matured clients is higher than the income of incoming clients and non-clients; especially the mean difference of Birr 1,666.18 between matured clients and non-clients in non-programme areas is quite large.(see Table 5.17)

The Wilcoxon-Mann-Whitney test is used to verify whether or not there exists difference in the income between matured clients versus other groups, i.e., incoming clients, non clients in program and non program areas.

(1) Income comparison test between matured clients and non clients in non program areas.

Ranksum income, by(Matured clients)

Two-sample Wilcoxon rank-sum (Mann-Whitney) test

Scenario	obs	rank sum	expected
Non clients in non program areas (NCNP)	42	1265	2037
Matured clients (MC)	54	3391	2619
combined	96	4656	4656

unadjusted variance 18333.00

adjustment for ties -3.61

adjusted variance 18329.39

Ho: income(MC == NCNP) = income(MC == MC)

z = -5.702

Prob > z = 0.0000

The result indicates that there is a statistically significant difference between the income for matured clients and non clients in non program areas (P= 0.0000).

(2) Income comparison test between matured clients and incoming clients.

Ranksum income, by(Matured Clients)

Two-sample Wilcoxon rank-sum (Mann-Whitney) test

Scenario	obs	rank sum	expected
Incoming clients (IC)	33	1294	1452
Matured Clients (MC)	54	2534	2376
combined	87	3828	3828

unadjusted variance 13068.00

adjustment for ties -1.43

adjusted variance 13066.57

Ho: income(MC==IC) = income(MC==MC)

z = -1.382

Prob > z = 0.1669

The above test result shows that it's difficult to reject the null hypothesis that there is no income difference between the groups. That is with p value 0.1669 in comparing income difference between matured clients and incoming clients

(3) Income comparison test between non clients in program and non program areas.

Ranksom income, by(Non clients in program areas)

Two-sample Wilcoxon rank-sum (Mann-Whitney) test

Scenario	obs	rank sum	expected
Non clients in non program areas (NCNP)	42	1153	1239
Non clients in program areas (NCP)	16	558	472
combined	58	1711	1711

unadjusted variance 3304.00

adjustment for ties -2.24

adjusted variance 3301.76

Ho: income(NCP==NCNP) = income4(NCP==NCP)

z = -1.497

Prob > z = 0.1345

The above test result (3) also shows that there is no income difference between the groups. That is with p value 0.1345 which is insignificant to reject the null hypothesis which says income of non clients in both program and non program areas is similar.

Matured clients were asked to indicate the extent of change in their household income over the past 12 months. Accordingly, 45 (83%) matured clients registered an increase in their income whilst 5 (17%) matured clients registered greatly increased income greatly over the past 12 months. Amongst these 50 matured clients whose incomes had increased, 48 (89%) of them indicated that, their income has increased because of the loan programme i.e. the loan programme allowed them to expand their existing productive activities and/or helped them to start new businesses. (See Table 5.12)

The programme has had a positive impact on improving the income of women clients; especially the matured clients who managed to improve their household income levels significantly after obtaining a series of loans. Increasing women's income levels and control over income leads to greater levels of economic independence. Thus, the contribution made by these women towards increasing the overall household income enables them to participate in household decision-making about expenditure and other issues. It is an indication of women's economic empowerment.

To this end, the perceptions of matured clients were assessed regarding the impact of ACSI programme in improving their income levels and exercising control over their income. Thus, 39 (72%) of the total matured clients perceive the impact of the ACSI programme (as helping to improve their income levels and to have control over their income) as “very high”; whilst 11 (20%) of the total number of matured clients rate the impact as “high”. Only 2 matured clients

believe that the impact of the ACSI programme in helping to improve their income is “very low”. (See Table 5.13)

Table 5.13 Distribution of Matured Clients by their Response on Impact of ACSI Programme

Level of Impact Vs Frequency	Very High	High	Medium	Low	Very Low	No Impact	No Idea	Total
On Increasing Income and Control Over Income	39	11	2	2	-	-	-	54
Impact on Access to and Control Over Assets	33	16	4	-	1	-	-	54
On Improving Saving Habit and Control Over Saving	38	10	1	1	-	2	2	54
On Household Decision Making	40	10	4	-	-	-	-	54

5.2.2 Effect on Asset Possession

In order to determine the impact of the microfinance program on asset possession, some selected household assets of respondents of significant price and value were registered. Accordingly, of the total matured clients, about 83 % own at least one ox/cow/camel; 39 % own at least one goat or sheep; 15 % own a tape/radio player; and, 30 % own frame-beds. Similarly, amongst the total incoming clients, 33 % own at least one ox/cow/camel, 33% own at least one goat or sheep; 18 % own a tape/radio player; and, 12 % own frame beds. Of the total non-clients in program areas, 57 % own at least one ox/cow/camel and 12 % own at least one goat/sheep; whilst in non-program areas, 14 % of non-clients own at least one ox/cow/camel and 16 % own at least one goat or sheep. Also, 13 % of incoming clients owned a tape/radio player and 25 % of incoming

clients also own frame beds, whilst none of the non-clients in non-program areas owned any of the aforementioned assets. (See Table 5.10) Thus, the study results suggest that matured clients of the program have better asset possession, especially livestock.

House (home) improvement and repair was also used as an indicator of the asset possession level of respondents. Amongst 54 matured clients, 11 of them were not home-owners before joining the loan program but 7 of them were able to construct their own homes; with 4 of them building 'Yesar Gojo' (thatched hut) and 3 of them 'Korkoro bet' (proper house with galvanized roof) after joining the program. The respondents explained that they constructed their houses with funds generated from the loan-financed business activities. Among the 43 matured clients who were home-owners before the program, 13 of them made several home improvements or any additions, which cost more than Br. 100.00 at a time, within the past three years (1997, 1998 and 1999 E.C.). 4 of them constructed an additional 'Korkoro bet' whilst 3 of them constructed additional 'Gojos'. The rest 3 repaired their houses and the other 3 made the household improvement of connecting electricity power to their houses. The respondents indicated that the higher proportion of these home improvement and repair costs were covered by the income generated from loan-financed business activities.

On the other hand, amongst 33 incoming clients, 6 had no homes before joining the loan program, but 1 of them was able to construct a 'Korkoro bet' after joining the program. In addition, amongst 27 who were home-owners before

joining the program, 2 of them made improvements to their houses within the current year. Surprisingly, the clients used the loan money itself to carry out the above activities. Regarding non-clients, only one from the program area and one from the non-program area made improvements to their houses over the past three years. And the reason they gave for not many any home improvements or additions or carrying out any repairs is simply lack of money.

The participation of women in the ACSI program substantially contributes to an improvement in their asset possession compared to non-clients. By providing them with an independent source of income outside the home, the loan program tends to reduce the economic dependency of women on the household. In addition to the loan fund, income from business activities financed by the loan has helped the women clients to purchase certain assets as well as financing some home improvements, thus assisting to enhance financial independence. Thus, the increased control over asset ownership and material resources that has been made possible by the loan program should also translate into raising the self-esteem and prestige of these women when it comes to household decision-making.

Accordingly, 61% of matured clients rated the impact of the ACSI micro-finance program on personal asset ownership and control as “very high”, whilst 30 % rated the impact as “high”, thereby pointing to the fact that the intervention of the program has a positive impact on women’s economic empowerment. (See Table 5.13)

5.2.3 Effect on Savings Habit

Savings can be used in case of emergencies, or to finance major purchases, investments or to smoothen out consumption. Of the total number of clients surveyed, 50 % of matured clients; 45 % of incoming clients; and, 13 % of non-clients in program areas maintain voluntary personal cash savings, whilst only 12 % of non-clients in non-program areas maintain voluntary personal cash savings (See Table 5.14). Among the 27 matured clients and 15 incoming clients who have voluntary personal cash savings, 16 of the matured clients indicated that the source of their cash savings is profit generated from loan-financed business activities, whilst 5 incoming clients confirmed that they were able to maintain cash savings from loan-financed business activities.

Table 5.14 Distribution of Respondents by Level of Voluntary Personal Cash Saving

Level of Cash Saving Vs. No. of Respondents	Below 200	201-400	401-600	601-800	801-1000	1001-1200	Total No. of Respondents	Percentage
Matured Clients	10	2	4	3	4	4	27	50
Incoming Clients	6	3	2	1	2	1	15	45
Non-Clients in Programme Areas	1					1	2	13
Non-clients in Non-programme Areas	1		1		1	2	5	12

Regarding the depository where respondents kept their saved money, 10 of the matured clients, and 2 of the incoming clients put their money in savings accounts maintained with ACSI sub-branch offices. It is important to note that none of these women had savings accounts before participating in the ACSI microfinance program. The rest of the matured and incoming clients and all non-clients kept their money in the form of Ikube (rotating group savings scheme), and kept at home.

The main reason for the incidence of a significant number of matured and incoming clients who have personal cash savings is the level of exposure made possible by the loan program in terms of the training provided to participants. This helps to create initial awareness about the need to maintain savings. Similarly, the obligatory saving process inherent in the loan program gives the clients the requisite experience on how to practice voluntary savings. Moreover, clients may save their money easily with ACSI offices where they are already familiar, whilst the income generated from loan-financed business activities provides clients with an opportunity to save. Thus, saved money would help women clients to expand their businesses and to invest on new activities which could lead them to increase their income sources. In addition, women can also use the saved money to make major purchases for the household. This contribution of women in household income, and share of expenditures will enhance the financial independence of women within the household, which in turn increases the level of participation of these women in household decision-making.

Thus, the loan program improves the savings habit of women which enables them to be more financially independent. Of the total matured clients, 38 (70 %) rated the impact of the ACSI microfinance program in helping to improve their savings habit and exercise control over their savings as “very high”; whilst 10 (19 %) of the matured clients rated the impact of the program on their savings habit as “high”. Only 2 respondents indicated that the program has had no impact on their savings habit. (See Table 5.13)

5.2.4 Effect on Household Decision-Making

The participation status of women in household decision-making is the overriding indicator of women's economic empowerment. To examine the impact of the ACSI microfinance program on women's decision-making within the household, respondents were asked to indicate their decision making status in different household activities such as sale of animals, purchase of household utensils, clothing items, women's garment and ornaments, and decision on school expenses. Accordingly, 15% of matured clients who are widowed or divorced women reported that they made independent decisions to sell ox/cow without any consultation with male relatives, whilst all the matured clients that were married women confirmed that they made the decisions in consultation with their husbands, and as such it was a mutual decision. On the other hand, most non-clients who were married women did not play any important role in such decision-making. In this case, their husbands solely took the decision and just informed them after the fact.

Similarly, when it is time to decide on buying household clothing items, women's garments and ornaments, and school expenses, matured women clients are better suited to making decisions than the incoming clients and non-clients. On the other hand, there is no real difference in decision-making on household utensils because these usually fall within the purview of women's housekeeping activities. Regarding decision-making on the sale of goats and sheep, 43 (80 %) of the matured clients; 16 (48 %) of the incoming clients; 6 (38%) of the non-clients in program areas; and, 15 (36%) non-clients in non-program areas are able to make independent decisions without consulting other parties.

Thus, the matured clients of ACSI are better decision makers on household large sales and handling expenses when compared with the other category of respondents. This enhanced decision-making position of women seems to have resulted through the overall effect of the loan program which, has helped to improve the income and asset possession status of women clients within the household. Women's contribution to household income and family welfare leads to a more general improvement in attitudes towards the role of women within the household and within the community.

Regarding the impact of the ACSI program on women's household decision-making, 40 (74 %) of the matured clients, rated the impact of the ACSI program as having helped to improve their status on household decision-making as "very high". Similarly, 10 (19 %) of them indicated the impact as "high", whilst 4 (7 %) of them rated the ACSI program as having had a "medium" (moderate) impact on their household decision-making status. (See Table 5.13)

In addition to the observation made by active clients, dropouts were also asked to rate the impact of the ACSI microfinance program on their life. Accordingly, among the 26 dropouts 15 (58%) of them rated the loan program as having helped their family immensely (a lot), whilst 7 of them rated the loan program as having helped their family a little. On the other hand, 3 of respondents indicated that the loan program did not help them at all, and one respondent indicated that the loan was even a burden on her. (See Table 5.15)

5.3 Estimation of the Logit Model and Analysis of the Result

5.3.1 Estimation of the Model

Table 5.16 Binomial Logit Estimates for Decision-Making on Large Sales in Three Different Scenarios

Variables	Coefficient	Marginal Effect	P> z	
First Scenario (Matured Clients Vs Other Respondents)				
BCA	1.593 (.437)	.361 (.086)	0.000***	Log pseudo likelihood = -81.874049 Number of obs = 145 Wald chi ² (7) = 29.69 Prob > chi ² = 0.0001 Pseudo R ² = 0.1806
RLE	.236 (.288)	.0581 (.071)	0.414	
HHHEAD	1.231 (.526)	.297 (.117)	0.012***	
AFRA	1.024 (.469)	-2.66e-07 (.000)	0.029**	
AYHI	-1.08e-06 (.000)	.233 (.096)	0.988	
LOS	-.479 (.531)	-.119 (.131)	0.367	
PCS	.0481 (.446)	.0111 (.109)	0.914	
Constant	-1.566 (.572)		0.006	
Second Scenario (Matured Clients Vs Incoming Clients)				
BCA	1.412 (.729)	.274 (.122)	0.053**	Log pseudo likelihood = -38.521434 Number of obs = 87 Wald chi ² (7) = 15.42 Prob > chi ² = 0.0309 Pseudo R ² = 0.2952
RLE	.695 (1.102)	.126 (.174)	0.528	
HHHEAD	2.917 (.895)	.615 (.154)	0.001***	
AFRA	.585 (.672)	.101 (.097)	0.384	
AYHI	.001 (.001)	.001 (.000)	0.144	
LOS	-1.233 (1.158)	-.271 (.259)	0.287	
PCS	.757 (.751)	.128 (.102)	0.312	
Constant	-4.002 (1.746)		0.022	
Third Scenario (Matured Clients Vs Non-Clients in Non-Programme Areas)				
BCA	1.648 (.555)	.374 (.117)	0.003***	Log pseudo likelihood = -50.620928 Number of obs = 96 Wald chi ² (8) = 25.78 Prob > chi ² = 0.0011 Pseudo R ² = 0.2194
RLE	-.187 (.256)	-.043 (.059)	0.464	
HHHEAD	1.085 (.766)	.262 (.184)	0.157	
HO	.195 (.301)	.045 (.069)	0.518	
AFRA	1.456 (.709)	.287 (.107)	0.040**	
AYHI	-.000 (.000)	-6.81e-06 (.000)	0.649	
LOS	-.457 (.667)	-.109 (.163)	0.493	
PCS	.180 (.583)	.041 (.132)	0.757	
Constant	-1.675 (.922)		0.069	

***, **, variables significant at 1% and 5% level of significance respectively

Marginal effect is discrete for dummy variables.

Standard error values in parenthesis.

5.3.2. Analysis of the result

The Binomial Logit model estimates were made in order to determine factors that affect decision-making on large sales. The estimation was made by proposing three different scenarios by taking matured clients as intervention group and the other client categories (incoming clients, and non-clients in program and non-program areas) as alternative control groups. The scenarios constructed were; first, a comparison between matured clients versus incoming clients, non-clients in program and non-program areas combined. The second comparison was between matured clients and incoming clients. Finally, the matured clients were compared with non-clients in non-program areas.

The problem of heteroscedasticity which is mostly inherent in cross-sectional data was checked before estimation of the model, and correction was made with respect to heteroscedastically-consistent standard errors. Thus, the reported overall significance of the model as seen from the pseudo R^2 and chi square is significant.

The three variables; being a client of ACSI; being a household head; and, engaging in animal fattening and rearing activities are positively related to the decision-making on large sales (decision-making on the selling of goats and sheep), in all of the three scenarios. In the first scenario, the coefficients of these three variables are significant at the 1 %, 1 % and 5 % levels of significance respectively. While the coefficients of the former two variables are statistically significant at the 5 % and 1% levels of significance, respectively, the latter variable is statistically insignificant in the second scenario. On the other hand, the coefficients of the former and the latter (being client of ACSI and engaging in animal fattening and rearing activities) variables are

statistically significant at the 1 % and 5 % level of significance, respectively, but the coefficient of household head variable is statistically insignificant in the third scenario.

As can be observed in the first scenario, the variable, being a client of ACSI is highly imperative in determining decision-making on large sales. The loan fund itself, income from loan financed activities, and ACSI training on how to handle and control loan financed activities provides an opportunity to women clients to acquire their own assets, and to develop confidence on making important decisions on large sales and purchases over time. Thus, the possibility of matured women clients having to own and exercise control over assets within the household (which has the effect of reducing women's dependency) will lead them to economic empowerment. This implies that matured women clients of ACSI are more empowered than incoming clients and non-clients. The case is the same for the third scenario where the coefficient of the variable, being a client of ACSI is also highly significant (at the 1 % level of significance) in determining decision making on large sales, thereby implying that matured clients are more empowered than the non-clients in non-program areas because of the availability of the loan services availed by the micro-finance program.

The coefficient of the variable, being a client of ACSI, is relatively less significant (at the 5 % level of significance) in the second scenario than in the first and third scenarios. But this does not mean that the variable is weak in helping to determine decision-making on large sales, rather, this might have happened due to the nature of the control group which also consists of clients of the microfinance program. Though these clients are incoming (having only participated in the program for one year or less than a year) and the program is therefore not expected to have any appreciable impact on them as the matured clients, the program happens to have some effect on

these clients. So the relative decline of the coefficient of the variable indicates that the ACSI service has an impact on both matured and incoming clients which enables them to independently make decisions on large sales. At the same time, it is indicated that effect of the program on matured clients, which enables them to make decisions on large sales is higher than the incoming clients, thereby making the matured clients to be more economically empowered than the incoming clients.

In the first and second scenarios, the coefficient of the variable, household head is statistically significant at the 1% level of significance, and positively affects decision-making on large sales. Female who are heads of their households might already have initial exposure to independently make decisions on large sales without being dominated (or influenced) by a husband or close adult male relative.

The other variable, animal fattening and rearing activities, positively determines decision-making on large sales in the first and third scenarios at the 5 % level of significance. In the result obtained, matured clients are better decision makers than the other respondents. This is because, the possibility of matured women clients to engage in animal fattening and rearing activities is very high, since these activities are the main intended purposes of the ACSI loan program. The accessibility of loan fund and income which is generated from loan financed business activities, and the training provided, which helps the clients to know how to practice such activities will definitely women to purchase animals for fattening and rearing; taking the responsibility to care and raise these animals to maturity; and, to make the independent decision to sell these animals when the need arises. Thus, the loan program helps matured women clients to make decisions on

large sales, and as such, they are more economically empowered than non-clients of the micro-finance program.

The rest of the variables that are hypothesized as influencing decision making on large sales are unexpectedly found to be statistically insignificant. These are; respondent's level of education, average household yearly income, loan from additional sources other than MFIs and personal cash savings.

Chapter Six: Conclusion and Recommendations

6.1 Conclusion

Women in Ethiopia are marginalized from economic, social and political empowerments due to multifaceted reasons. As a viable approach to poverty alleviation and development, micro-finance is designed to assist the poor, particularly women, to bring about economic empowerment across the globe, though the Ethiopian experience remains open for further study and investigation. As such, the present study assesses the impact of microfinance on women's economic empowerment, taking the case of Amhara Credit and Savings Institution (ACSI) in Kobo Woreda, Amhara National Regional State, Ethiopia.

To implement the study, primary and secondary data sources were used. The survey used cross-sectional design. 8 rural Kebeles; 6 from program areas and 2 from non-program areas were selected using stratified random sampling technique. A total sample of 171 rural women; 54 matured clients, 33 incoming clients and 26 dropouts, 16 and 42 non-clients in program and non-program areas respectively were selected from the 8 studied Kebeles using random sampling technique. Primary data was collected through structured questionnaires, group-focused discussions, interviews and informal discussions; and the data was then analyzed using both descriptive and analytic methods. A binomial logit model was employed to identify the determinants of decision-making on large sales (as an economic empowerment indicator in the study) by comparing matured clients with three different control groups in three different scenarios.

According to the findings from the study, micro-financing has yielded positive impacts on women's economic empowerment. The majority of matured women clients of ACSI have improved their access to and control over assets. In this regard, women now own and control economic assets such as livestock and better dwellings. In addition, clients have improved their households through income generated from loan-financed activities. Asset possession of matured clients has been found to be better when compared with incoming clients and non-clients of similar category.

Women's participation in the ACSI micro-finance program has also contributed substantially to the improvement of their income. Matured clients have been found to be in better socio-economic status, in terms of their increased income levels and control over their earnings, when compared with the incoming clients and non-clients. The loan program helped clients to diversify their sources of income by practicing income-generating activities such as animal fattening and rearing activities, which are useful indicators of decision making on large sales in the regression model. In similar manner, the loan program improved the saving habit of women clients and the control such women now exercise over their savings. The majority, 50% of matured clients, now have personal cash savings, which shows a considerable difference when compared with non-clients.

The impact of ACSI intervention on the participation of women in household decision-making is very significant. The decision-making role of women clients has improved over time. Thus, most of the matured clients are now able to make decisions by themselves on large sales, such as the sale of oxen, cows, goats and sheep; and on expenses for household items like clothing and garment, self-ornaments and other items of adornment, and school expenses. It was also observed that the matured clients of ACSI were found to be better in making decisions on the sale of goats

and sheep in the household, the typical economic empowerment indicator used for the study. On the other hand, married women clients were less decision maker on household large sales than widowed and divorced women.

Although both descriptive statistics and regression analysis indicated that the intervention of ACSI micro-finance service has improved the economic empowerment status of women, some questionable point has been observed on the results which have implications for some basic variables used to determine economic empowerment. In the study, improvement of average yearly household income, personal cash savings and improvement of asset possession are positively related to the intervention of the ACSI loan program. Accordingly, it was argued in the descriptive analysis that women's contribution to household income and family welfare increases women's participation in major household decisions. However, quite surprisingly, the coefficients of these three variables in the regression model are rather insignificant when used to determine decision making on large sales.

The result of the regression analysis has revealed the fact that improvement of women's income, savings and asset possession by itself is not a sign of women's economic empowerment, unless women themselves control and make decisions on resources they have generated. To this end, some of the respondents who have participated in the ACSI program for long periods (matured clients) and now have better income status, savings and assets, did not make decisions on the sale of goats and sheep, which is the empowerment indicator used in this study.

In general, this study has revealed that decision making on large sales as an indicator of women's economic empowerment is positively correlated with the micro-finance service program. Thus,

the implication of this study is that, though additional efforts are needed, micro-financing service that is being rendered by the Amhara Credit and Savings Institution has been contributing positively towards improving the socio-economic status of women, and has impacted on women's economic empowerment in the study area.

6.2 Recommendations

Based on the findings established by this study, it is possible to make the following recommendations:

- a) The Amhara Credit and Saving Institution (ACSI) should expand its service coverage to the areas where its service is presently non-existent in order to reach the women who need the micro-finance service. This study has revealed the demand for such service in areas where ACSI does not as yet have any presence. Considerable outcomes would be registered in women's economic empowerment if the majority of vulnerable rural poor women have the opportunity to receive supportive micro-financing services. In addition to the recommendation to improve service reach and coverage, to increase the number of women participating in the micro-finance program, ACSI should provide the service in near-by Kebeles, because women face transportation difficulties when traveling long distances to obtain the service. To satisfy a larger number of clients, ACSI should build its capacity in terms of human resource and finance. The organization should strengthen its network with different concerned bodies and should design strategies to collect additional funds for the main purpose of accommodating large number of poor women.

- b) ACSI should formulate means of diversifying women's income generating activities and also create awareness on how women could exercise better control over their incomes. It is important to create directives, which women could easily implement by themselves so as to generate considerable change. The provision of ACSI micro-finance service to support the activities of animal fattening and rearing was an important means of helping women to achieve income diversification, a significant factor in improving women's economic empowerment.
- c) ACSI should rethink its present unspoken policy of marginalizing landless women and not allowing them to participate in the program. Even if ACSI has not yet set any rule or regulation to demand collateral security guarantee in rural microfinance service, rural women who do not own land are indirectly excluded from the program through loan group formation. Group members do not allow landless women to be admitted into the group. Thus, options should be devised to incorporate other responsible bodies, such as development-oriented institutions, to work co-operatively with MFIs to address this problem
- d) Beyond financial support, the contribution of micro-finance services to women's economic empowerment should be enhanced through a combination of more effective support services of MFIs, or linkages should be made with services provided by other agencies including organizations that work directly to enhance gender mainstreaming, challenge women's marginalization and subordination by helping to improve the socio-economic status of women.

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Annex I

Table 5.1 Distribution of respondents by age group

Age group (year)	Matured clients	Incoming clients	Non clients		Drop outs	Total
			In program areas	In non program areas		
Below 21			2	9		11
21-30	4	9	2	12	3	29
31-40	14	10	4	11	9	48
41-50	21	8	6	8	11	54
Above 51	15	6	3	2	3	29
Total	54	33	16	42	26	171

Table 5.2 Distribution of respondents by Religion

Religion	Mature clients	Incoming clients	Non clients		Drop outs	Total
			In program areas	In non program areas		
Orthodox Christian	49	26	14	40	22	151
Muslim	5	7	2	2	4	20
Total	54	33	16	42	26	171

Table 5.4 Distribution of respondents by education level

Level of education (year)	Mature clients	Incoming clients	Non clients		Drop outs	Total
			In program areas	In non program areas		
Illiterates	35	16	8	30	15	104
Read and write	15	15	8	7	4	49
Grade1-4	2	2		2	2	8
Grade5-8	1			2	5	8
Grade9-12	1			1		2
Total	54	33	16	42	26	171

Table 5.5 Distribution of respondents by family size.

Family size	Matured clients	Incoming clients	Non clients		Drop outs	Total
			In program areas	In non program areas		
1	2	1		1	2	6
2	6	10	4	11	1	32
3	14	6	1	13	7	41
4	13	5	4	9	8	39
5	10	5	3	3	1	22
6	3	1	2	2	5	13
7	2	2	1	1	1	7
8	1	3	1	2	1	8
9	2					2
10	1					1
Total	54	33	16	42	26	171

Table 5.10 Major assets owned by respondents

Respondents category Vs assets owned		Matured Clients		Incoming clients		Non clients			
						In program areas		In non program areas	
Items	Quantity	No. of respondents	% of respondents	No. of respondents	% of respondents	No. of respondents	% of respondents	No. of respondents	% of respondents
Ox	1	23	43	4	12	4	25	3	7
	2	4	7	1	3	1	6	1	2
	3	1	2						
Cow	1	11	20	3	9	2	13	2	5
	2	1	2	2	6	2	13		
	3	4	7	1	3				
Camel	1	1	2			1	6		
	2							1	2
Donkey	1	1	2	1	3				
Goat/sheep	1-2	5	9	4	12	1	6	2	5
	3-4	7	13	6	18	1	6	2	5
	5-6	5	9	1	3			1	2
	7-8	2	4					1	2
	9-10	1	2					1	2
Bee	1	1	2						
	2							1	2
Tape player/radio	1	8	15	6	18	2	13		
Television	1	1	2					1	2
Frame bed	1	16	30	4	12	4	25		
Ornaments	1	10	19	5	15	1	6	2	5
Stoves	1	1	2						

Table 5.12 Distribution of matured client by status of their income over the last 12 months

Status of income Vs respondents	Increased greatly	increased	Stayed the same	Decreased	Decreased greatly	Don't know
Matured clients	5	45	1	2	1	

Table 5.15 Distribution of dropout clients by their response on impact of ACSI program

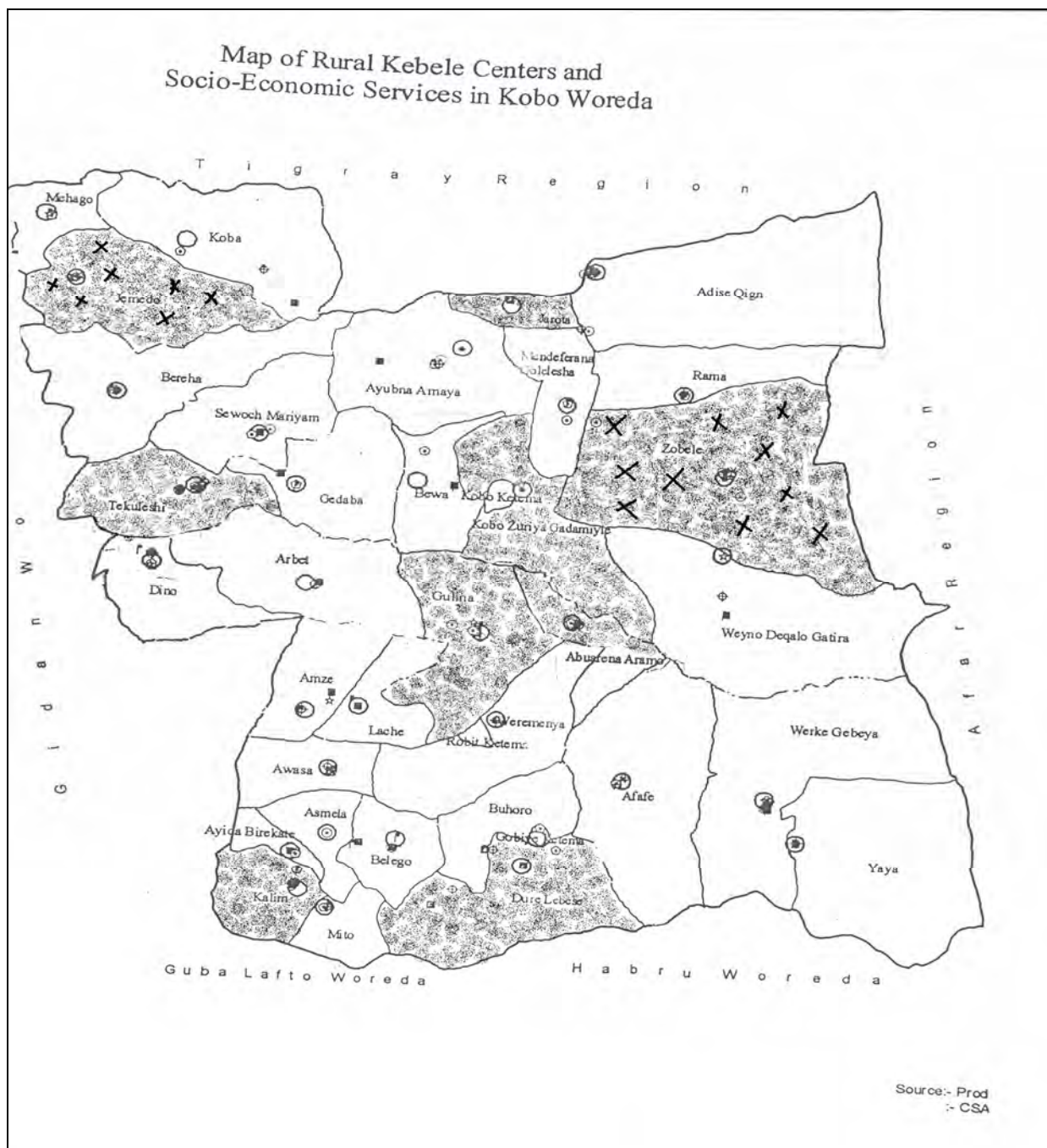
Level of Impact	Helped me quite a lot	Helped me a little	Didn't help me at all	Loan was a burden	Don't know	Total
Frequency	15	7	3	1	0	26

Table5.17 Descriptive Statistics Results

	Age	Elr	Famsize	income
Matured clients				
Mean	45.70	.48	4.15	2476.57
Max	76	4	10	9260
Min	20	0	1	336
Sd	10.83	.82	1.89	1993.38
Variance	117.38	.67	3.56	3973547
P50	45	0	4	1840
Skewness	-.09	2.25	1.11	1.71
Incoming clients				
Mean	38.76	.58	3.88	1776.70
Max	60	2	8	4770
Min	18	0	1	440
Sd	10.88	.61	2.01	1039.51
Variance	118.38	.38	4.05	1080571
P50	39	1	3	1500
Skewness	.12	.53	.75	1.06
Non clients in program areas				
Mean	41.75	.5	4.31	1339.44
Max	60	1	8	3400
Min	20	0	2	184
Sd	11.91	.52	1.85	1035.53
Variance	141.8	.27	3.43	1072326
P50	43.5	.5	4	1240
Skewness	-.4501102	0	.31	.77
Non clients in non program areas				
Mean	34.42	.49	3.53	810.39
Max	80	4	8	2160
Min	17	0	1	56
Sd	14.09	.96	1.61	549.88
Variance	198.77	.92	2.59	302363.7
P50	34	0	3	630
Skewness	1.02	2.15	1.17	.85

Annex II

Peasant Association of Kobo Woreda (1995)



Key

Scale: 1: 350 000



Sample kebeles from program areas



Sample kebeles from non program areas

Annex III

Questionnaire 1
Questionnaire for Clients (both Matured and Incoming Clients)

Impact of Micro Financing for Women Economic Empowerment: the case of Amhara Credit and Saving Institution (ACSI) in Kobo Woreda

I General Information

Region _____ Zone _____ Name of MFI _____
 Woreda _____ Kebele _____ Name of Sub-branch _____
 Respondent Address 1/ urban 2/ rural Center _____
 Specified place of survey _____ Date of the Interview _____

II Demographic Information

1. Respondent's I.D. No./Name _____
2. Sex F
3. Age _____
4. Ethnicity 1-Amhara 2- Tigray 3-Oromo 4-Afar
5-others/specify _____
5. Religion 1-Orthodox 2-Muslim 3-Catholic 4-Protestant
5-Traditional faith 6-others /specify _____
6. Marital status 1-Single 2-Married 3-Widowed 4- Divorced
7. Education status 1-Illiterate 2-Read and write 3-grade 1-4 4-grade 5-8
5-grade 9-12 6- grade 12 complete 7- grade 12 +
8. Main Occupation 1-Farmer 2-Military 3-Theacher 4-Merchant 5-Student
6- others/specify _____

III Household livelihood information

9. Number of household members _____
10. Head of the Household
1-My Self 2-Husband 3- Father 4-Mother
5-Son 6-others/specify _____
11. What is your family source of livelihood? (more than one response is possible)

Source of livelihood	Mark (✓) the source	order the source according to their contribution to your household income (1 st , 2 nd ...)
Farming		
Micro business		
Wage labor		
Monthly salary		
Remittance		
Food for work program		
others/specify		

VI Loan and repayment information

12. When did you first join ACSI's program? Month _____ year _____ E.C.
- 13a. Have you ever taken loan from other source other than ACSI?
1=yes 0=No
- 13b. If yes, from where? _____
1- Neighbors, Relatives, Friends (cost free)
2- Village money lenders (at cost) 3- Bank
4-Other development programs 5- others/specify _____
- 14a. How did you take the loan from ACSI?
1- In group 2-Individually 3.others/specify _____
- 14b. If it is in group, how many members are there in the group? _____

- 14c. What is the relation of members to you?
 1- Relatives 2- Neighbors 3- friends 4- Both 1and2
 5- Both 1 and 3 6- Both 2 and 3 7-all 3 4-others/specify _____
- 15a. In how many cycles did you take loan from ACSI?

Cycle	Mark (√) the cycle you took loan	Loan year	Loan maturity period	Amount of loan requested (birr)	Amount of loan approved (birr)	Intended purpose
1 st cycle						
2 nd cycle						
3 rd cycle						
4 th cycle						
5 th cycle						
6 th cycle						
7 th cycle						
8 th cycle						
9 th cycle						
10 th cycle						
Current loan						
Cumulated loans						

- 15b. Was the loan sufficient to undertake your intended purpose?
 1=yes 0=No
- 15c. Did you spend the entire loan on your intended purposes (specified above) only?
 1=yes 0=No
- 15d. If no, state those non-intended purposes and amount spent on them.

Cycle	List the Non-intended purposes	Amount of birr spent	Reasons for using the loan for these purposes
1 st cycle			
2 nd cycle			
3 rd cycle			
4 th cycle			
5 th cycle			
6 th cycle			
7 th cycle			
8 th cycle			
9 th cycle			
10 th cycle			
Current loan			
Total			

- 15e. Did the above, non-intended, purposes were specified in the agreement document?
 1=yes 0=No 99 = Don't know
16. When you are deciding to undertake business, what factors do you consider?(Multiple answers possible.)
- 1 = Work I am familiar with
 - 2 = Whether the product or service appears to be profitable because there seems to be a high demand
 - 3 = How much working capital is needed/ Whether I have enough money
 - 4 = Whether I can do it and still take care of my family and other responsibilities
 - 5 = To diversify overall business and/or income

6 = Other (specify) -----

99 = Don't know

17a. Did you face any difficulty in repaying your loan in the last loan cycle?

1 = Yes 0 = No 99 = Don't know

17b. If yes, What caused your repayment problems?

- 1 = Loan activity was not profitable
- 2 = I or others in my family had been sick
- 3 = Lack of sales/ demand
- 4 = Used enterprise capital for consumption (food, clothing, household goods)
- 5 = Sold on credit and did not get paid back in time
- 6 = Death in family
- 7 = Family celebration (wedding, birth, etc.)
- 8 = Disaster (natural, theft, fire, etc.)
- 9 = Other (specify) _____
- 99 = Don't know

17c. How did you manage the difficulties?

- 1- Sold household assets 2- Borrowed from relatives, friends, neighbors (cost free)
- 3- Borrowed at cost from village money lenders 4- I did not pay 5- others/specify _____

V Hypothesis Based Information

Part One

Hypothesis to be tested: *Women Participation in the microfinance program changes their access to and control over assets.*

Survey Questions:

18a. Did you have a house before you joined the credit program?

1=yes 0=No

18b. If yes, what kind? (in local language)

1-yesar Gojo 2-yesar Adarash 3-korkoro bet 4-both 1and2

5-both 2 and 3 6-both 1 and 3 7-others/specify _____

18c. How much was its construction cost in birr? _____

18d. How much is it's estimated value in birr ? (with its appearance at the time you joined the program) _____

18e. Is there any improvements or additions made for your house which cost above 100 birr at a time during your loan program period?

1=yes 0=No

18f. If yes, indicate the type of improvement (more than one answer is possible)		Year of improve ment	Amount of expense in birr	What was the source of funds for these improvements or additions? Mark (√)		
Type	Mark (√)			1.borrowed money itself	2.income from business financed by the loan	3. if other sources ,specify
House repairs or improvements (improved existing roof, floor, or walls...)						
House expansion (built new room, shed, attic, or fence...)						
Additional House(built new Gojo, Adarash, korkoro bet...)						
Improved water or sanitation system (new well, drainage/sewage system, or showers-latrines-wash Basin...)						
Lighting/electricity						
Others/specify						

18g. If you did not have house before the program, do you bought or built after the program?

1=yes 0=No

- 18h. If yes, what kind? (in local language)
 1-yesar Gojo 2-yesar Adarash 3-korkoro bet 4-both 1and2 5-both 2 and 3 6-both 1 and 3 7-others/specify _____
- 18i. How much was its construction cost in birr? _____
- 18j. How much is it's estimated value in birr ? _____
19. Please indicate your assets before and after joining the program.

Asset type	Acquired		Where the asset is used?(mark√)				How the expense was covered?(mark√)			
	Number of assets owned before joining program	Number of asset owned after joining program	Before the program		After the program		Before the program	After the program		
			for house	For busines s	for house	for busines s		Specify the sources	borrowed money itself	income from activities financed by the loan
Ox										
Cow										
Camel										
Donkey										
Goat										
Sheep										
Hen										
Bee										
Garment										
Ornaments										
Plow										
Hoes										
Sickles										
Cooking utensils										
Stoves										
Machinery										
Pushcart										
Bicycle										
Chair										
Table										
Radio										
Tape player										
Bicycle										
Frame bed w/ mattress										
Refrigerator										
Television										
Granary										
Stock room										
Kiosk										
Shop										
Motorcycle										
Car/pick-up truck										
Tractor										
Please list if she has any personal asset she can mention										

- 20a. Did you take land contract for farm production before joining the program?
1=yes 0=No
- 20b. If yes how much it was in Timade? _____
- 20c. Did you take land contract for farm production after joining the program?
1=yes 0=No
- 20d. If yes, how much it was in Timade? _____
- 20e. Did the funds for these contract come from your loan income?
1=yes 0=No
- 21a. How do you evaluate the impact of ACSI program to improve your access to and control over assets?
1-very high 2-high 3- medium 4- low 5-very low
6-no impact 7-negatively affect 99-Don't know
- 21b. If negative, please explain ;

Part Two

Hypothesis to be tested: *Women Participation in the microfinance program increases their source and level of income.*

Survey Questions:

- 22a. Would you please State the sources of income and the average amount of yearly income for your house hold.

Before the loan		After the loan	
Source of income	Amount of income in birr per year	Source of income	Amount of income in birr per year
Average yearly income		Average yearly income	

- 22b. If the sources of income are increased, do you think that it is because of the loan program?
1 = Yes 0 = No 99 = don't know
- 22c. If the amount of income is increased, do you think that it is because of the loan program?
1 = Yes 0 = No 99 = don't know
- 23a. Over the last 12 months, has your overall household income ...?
1 = Decreased Greatly 2 = Decreased 3 = Stayed the Same
4 = Increased 5 = Increased Greatly 99 = Don't Know
- 23b. If your house hold income increased at all, is that because of the loan programme?
1 = Yes 0 = No 99 = don't know
- 24a. Over the last 12 months, has your personal income you have been able to earn...?
1 = Decreased Greatly 2 = Decreased 3 = Stayed the Same
4 = Increased 5 = Increased Greatly 99 = Don't Know
- 24b. If decreased at all, Why did your income decrease?(*Multiple answers possible*)
1. Household member has been sick/died
2. I have been sick
3. Natural disaster (flood, earthquake...)
4. Poor agricultural season
5. Poor sales
6. Could not collect credit sales
7. I did not take loan
8. Other (specify) _____
99. Don't know
- 24c. If increased at all, Why did your income increase? (*Multiple responses possible*)
1. Expanded existing enterprise 4. Sold in new markets
2. Undertook new enterprise 5. Increase in demand/sales
3. Good agricultural season 6. Other (specify) _____
99. Don't know

- 25a. Did you invest any of the last loan you took from the ACSI program into an income-generating activity?
1 = Yes 0 = No 99 = Don't know
- 25b. If yes, in which activity did you invest the last loan you took from the ACSI program?(Multiple responses possible)
1. Commerce/trade/retail (includes petty trade)
 2. Manufacturing (includes food processing, textile production, crafts, leather work)
 3. Service (includes hairdressing, restaurants, food stalls, cleaning services)
 4. Agriculture (includes food or other crop production, animal raising)
 5. Business inputs (Machinery, fertilizer...)
 6. Did not invest the loan in an income-generating enterprise
 99. Don't know
- 25c. If not, did you use any portion of your last loan to ...? (Multiple answers possible)
1. Buy food for your household
 2. Buy clothes or other household items
 3. Give or loan the money to your spouse or someone else
 4. Keep money on hand in case of an emergency or to repay the loan
 5. To repay other debt
 6. For house/land improvement or purchase
 7. To spend on a celebration, like a wedding, etc.
- 26a. How do you evaluate the impact of ACSI program to increase your source and level of income?
- 1-very high 2-high 3- medium 4- low 5-very low
6-no impact 7-negatively affect 8-Don't know
- 26b. If negative, please explain;

Part Three

Hypothesis to be tested: *Women Participation in the microfinance program develops their saving habit.*

Survey Questions:

- 27a. Did you have saving account before your participation in ACSI program?
1=yes 0=No
- 27b. If yes, where do you save? _____
- 27c. what was your estimated monthly saving in birr? _____
- 27d. If not, what was the reason?
- 1-lack of money 2-lack of awareness 3-absence of near by institution to save
 - 4-others _____ 99- don't know
- 28a. Do you have savings at ACSI? 1=yes 0=No
- 28b. If yes, what type of saving?
- 1-compulsory 2-voluntary 3- both
 - 4-others/specify _____
- 28c. Specify the average monthly saving amount in birr
- 1-compulsory _____
 - 2-voluntary _____
- 28d. How much is your total current compulsory saving amount in birr? _____
- 29a. Do you think the compulsory saving requirement is useful?
1=yes 0=No
- 29b. If yes/no, explain why? _____
- 29c. Have you faced any difficulties for compulsory savings?
1=yes 0=No
- 29d. If yes, please explain the reason;
- 29e. If yes, how did you manage compulsory saving difficulties?
- 1- Sold household assets
 - 2- Borrowed from relatives, friends, neighbors (cost free)
 - 3- Borrowed at cost from village money lenders
 - 4- I did not pay 5- others/specify _____

30. If you have savings in the following kinds before or/and after your participation in ACSI program, please indicate.

Items/kinds with amount	Before participation		Items/kinds with amount	After participation	
	source of money for saving	Expected value in birr		Source money saving	of for
Livestock -			Livestock -		
Stored cereals -			Stored cereals -		
Ornaments -			Ornaments -		
Garment -			Garment -		
Bee keeping			Bee keeping		
Tree plant			Tree plant		

- 31a. Do you currently have any voluntary personal cash savings that you keep in case of emergencies or because you plan to make a major purchase or investment?
1 = Yes 0 = No 99 = don't know
- 31b. If yes, during the last 12 months, has your personal cash savings...?
1 = Decreased Greatly 2 = Decreased 3 = Stayed the Same
4 = Increased 5 = Increased Greatly 99 = Don't Know
- 31c. What is your current total amount of voluntary saving in birr? _____
- 31d. Where do you keep your saving?
1-ACSI branch 2-with relatives/friends 3-in a bank
4-at home 5-other development programs
6-at village money lenders 7-others/specify _____
- 31e. What is your source of money for saving? (more than one answer is possible)
1-from business profit financed by the loan
2-from other sources/specify _____
- 31f. Why you are saving (voluntary saving)? (More than one answer is possible and please give rank)
1-for loan repayment 2-for safety of cash 3-for consumption
4-to earn interest 5-to buy household assets 6-to make improvement to the house
7-to withdraw during emergency 8-to pay school expenses 9-for Animal raising
10-to Reinvest in my enterprise 11- Other (specify) _____ 99 = Don't know
- 31g. Is it possible to you to withdraw your compulsory saving when you need it?
If yes, explain how? _____
If no, explain why? _____
- 31h. How much did you withdraw from your savings in the last 12 months?
From Compulsory _____
From Voluntary saving _____
- 31i. How did you use the savings?
1. pay off loan 2.invest in the business 3.give to spouse
4. pay school fees 5.pay medical bills 6.improve the house
7- Other (specify) _____

- 31j. Who decided to use the savings in these ways? (indicate if there is joint decision)
 1/My self 2/husband 3/father 4/son 5/mother
 6/ other/specify with sex_____
- 31k. What would you have done if you did not have these savings available?
 1- sold household assets 2-borrowed from friends/relatives/neighbors (cost free)
 3-borrowed at cost 4- others/specify_____ 99-Don't know
- 31l. Did you save regularly before you joined this program?
 1 = Yes 0 = No 99 = Don't know
- 32a. How do you evaluate the impact of ACSI program in improving your saving habit?
 1-very high 2-high 3- medium 4- low 5-very low
 6-no impact 7-negatively affect 8-Don't know
- 32b. If negative, please explain ;

Part Four

Hypothesis to be tested: *Women Participation in the microfinance program raises their participation on household decision makings .*

Survey Questions:

33. Indicate the decision maker of each activity in the following table (mark (✓) if yes).
 Please choose the decision makers from the least. multiple answers are possible)
 1 = mostly my Self 2 = my self and spouse equally 3 = mostly spouse
 4 = Female relative (mother, sister, aunt, grandmother, mother-in-law)
 5 = Male relative (husband, father, brother, uncle, grandfather, father-in-law, brother-in-law)

	No.1	No.2	No.3	No.4	No.5	No.1	No.2	No.3	No.4	No.5
<i>The use of loan</i>										
<i>The use of savings</i>										
Buy house hold food										
Buy house hold clothing										
Buy My garments, ornaments...										
Pay school Expenses										
Cooking utensils										
Pay health-related costs.										
Fee for eqube, eder, maheber, wedding...										
Buy items for the house										
Reinvest in my enterprise										
Sale ox, cow, camel, donkey										
Sale goat, sheep										
Sale hen, milk products										
Sale cereals										
Other (specify)										

- 34a. How do you evaluate the impact of ACSI program to improve your decision making role in the household?
 1-very high 2-high 3- medium 4- low 5-very low
 6-no impact 7-negatively affect 8-Don't know
- 34b. If negative, please explain ;

IV. About over all program

35. Name three things you like most about the ACSI program.
 1 = Lower interest rate than other informal sources of credit(informal lenders)
 2 = Steady source of working capital
 3 = Group solidarity and/or group dynamics
 4 = Training or technical assistance
 5 = Other financial services, such as savings or insurance
 6 = Efficiency, compared to banks or other sources
 7 = Easier guarantees than loan alternatives
 8 = Other (specify) _____
 99 = Don't know
36. Name three things you like least about ACSI program.
 1 = High interest rates or commission
 2 = Size of initial or subsequent loans too small
 3 = Loan cycle too long or too short
 4 = Problematic group dynamics (with leaders or at meetings)
 5 = Meeting frequency too often or meetings too long
 6 = Meeting place / office not convenient
 7 = Repayment policies (frequency, amount)
 8 = Guarantee policies
 9 = Transaction costs for client (such as slow disbursement or have to cash checks)
 10 = Dislike behavior/ attitude of loan officer or other program personnel
 11 = Lack of grace period
 12 = Forced savings or insurance
 13 = Other (specify) _____
 14 = Nothing
 99 = Don't know
37. If you could change something about the ACSI program to make it even better, what would you change?

Interviewer's Name _____
 Signature _____

Questionnaire 2 Questionnaire for Non-Clients

Impact of Micro financing for Women Economic Empowerment: the case of Amhara Credit and Saving Institution in Kobo Woreda

I General Information

Region _____ Zone _____ Specified place of survey _____
 Woreda _____ Kebele _____ Date of the Interview _____
 Respondent Address 1/ urban 2/ rural

II Demographic Information

1. Respondent's I.D. No./Name _____
2. Sex _____ F _____
3. Age _____
4. Ethnicity 1-Amhara 2- Tigray 3-Oromo 4-Afar
5-others/specify _____
5. Religion 1-Orthodox 2-Muslim 3-Catholic 4-Protestant
5-Traditional faith 6-others /specify _____
6. Marital status 1-Single 2-Married 3-Widowed 4- Divorced
7. Education status 1-Illiterate 2-Read and write 3-grade 1-4 4-grade 5-8
5-grade 9-12 6- grade 12 complete 7- grade 12 +
8. Main Occupation 1-Farmer 2-Military 3-Theacher 4-Merchant 5-Student
6- others/specify _____

III Household livelihood information

9. Number of household members _____
10. Head of the Household 1-My Self 2-Husband 3- Father 4-Mother
5-Son 6-others/specify _____
11. What is your family source of livelihood? (more than one response is possible)

Source of livelihood	Mark (✓) the source	order the source according to their contribution to your household income (1 st , 2 nd ...)
Farming		
Micro business		
Wage labor		
Monthly salary		
Remittance		
Food for work program		
others/specify		

VI Loan and repayment information

- 12a. Have you ever taken loan from any MFI?
1=yes 0=No
- 12b. If yes, which MFI? _____
- 13a. Have you heard about the services of ACSI?
1=yes 0=No
- 13b. If yes, from who? _____
- 13c. Why didn't you participate in ACSI program?
- 13d. How much you are interested to participate if any MFI services would available in your kebele?
1-very high 2-high 3- medium 4- low 5-very low
6-no need 8-Don't know
- 14a. Have you ever been take loan from other source other than MFI?

- 1=yes 0=No
- 14b. If yes, from where? _____
 1- Neighbors, Relatives, Friends (cost free)
 2- Village money lenders (at cost) 3- Bank
 4-Other development programs 5- others/specify _____
- 15a. How much on average village money lenders cost for 100 birr loan per year?
- 15b. What do you think about the interest rate of village money lenders ?
 1-very high 2-high 3- medium 4- low 5-very low

V Hypothesis Based Information
Part One

Hypothesis to be tested: *Women Participation in the microfinance program changes their access to and control over assets.*

Survey Questions:

- 16a. Do you own a house?
 1=yes 0=No
- 16b. If yes, what kind? (in local language)
 1-yesar Gojo 2-yesar Adarash 3-korkoro bet 4-both 1and2 5-both 2 and 3 6-both 1 and 3
 7-others/specify _____
- 16c. How much was its construction cost in birr? _____
- 16d. How much is it's estimated value in birr ? (with its appearance at the time you joined the program)_____
- 16e. Is there any improvements or additional made for your house which cost above 100 birr for the past three years period?
 1=yes 0=No

16f. If yes, indicate the type of improvement (more than one answer is possible)		Year of improve ment	Amount of expense in birr	Where the funds for these improvements or additions come from?				
Type	Mark (✓)			Sale of livestock, cereals,	Relativ es ,family, friends	Village lenders	Bank	Others (specif y)
House repairs or improvements (improved existing roof, floor, or walls...)								
Additional House(built new Gojo, Adarash, korkoro bet...)								
Improved water or sanitation system (new well, drainage/sewage system, or showers-latrine-wash Basin...)								
Lighting/electricity								
Others/specify								

- 16g. If you do not have house, do you think you will build or buy house in the near future?
 1=yes 0=No
- 16h. If yes, what will be your source of fund? _____
17. Do you own any business?
 1=yes 0=No
 It yes, what type? _____
 If no, why _____

18. Do you own the following assets?	Acquired		Where the asset is used? (mark√)		How the expense covered?(mark√)			
	Yes/No	Number of asset	for house	for business	Gift	House hold income	Lending with cost	Free loan
Ox								
Cow								
Camel								
Donkey								
Goat								
Sheep								
Hen								
Bee								
Garment								
Ornaments								
Plow								
Hoes								
Sickles								
cooking utensils								
Stoves								
Machinery								
Pushcart								
Bicycle								
Chair								
Table								
Radio								
tape player								
Bicycle								
Frame bed w/ mattress								
refrigerator								
Television								
Granary								
Stock room								
Kiosk								
Shop								
Motorcycle								
Car/pick-up truck								
Tractor								
Please list if she has any personal asset she can mention								

19a. Did you take land contract for farm production during the past three years?

1=yes 0=No

19b. If yes what was its size in Temad? _____

19c. Where did the funds for these contract come from? _____

20. If you would have access to microfinance program, to what extent it would improve your access to and control over assets?

1-very high 2-high 3- medium 4- low 5-very low

6-no impact 7-Don't know

Part Two

Hypothesis to be tested: *Women Participation in the microfinance program increases their source and level of income.*

Survey Questions:

21 a. Would you please State the sources of income and the average amount of yearly income for your house hold.

Before 3 years (before 1996)		During the past 3 years	
Source of income	Amount of income in birr per year	Source of income	Amount of income in birr per year
Average yearly income		Average yearly income	

21b. If the sources of income are increased, what is the reason?

21c. If the level of income is increased, what is the reason?

22a. Over the last 12 months, has your overall household income ...?

- 1 = Decreased Greatly 2 = Decreased 3 = Stayed the Same
 4 = Increased 5 = Increased Greatly 99 = Don't Know

22b. If your house hold income increased at all , what is the reason to increase?

23a. Over the last 12 months, has the income you have been able to earn...?

- 1 = Decrease Greatly 2 = Decreased 3 = Stayed the Same
 4 = Increased 5 = Increased Greatly 99 = Don't Know

23b. If decreased at all, Why did your income decrease?

(Multiple answers possible)

1. Household member has been sick/died 2. I have been sick
 3. Natural disaster (flood, earthquake) 4. Poor agricultural season
 5. Poor sales 6. Could not collect credit sales
 7. I did not take loan 8. Other (specify) _____
 99. Don't know

23c. If increased at all, Why did your income increase?

(Multiple responses possible)

1. Expanded existing enterprise 2. Undertook new enterprise
 3. Good agricultural season 4. Sold in new markets
 5. Increase in demand/sales 6. Other (specify) _____
 99. Don't know 99.

24. If you have access to microfinance program, to what extent it would improve your source and level of income?

- 1-very high 2-high 3- medium 4- low 5-very low
 6-no impact 8-Don't know

Part Three

Hypothesis to be tested: *Women Participation in the microfinance program develops their saving habit.*

Survey Questions:

25a. Do you have saving account? 1=yes 0=No

25b. If yes: what is your estimated average monthly saving in birr? _____

When did you start saving? _____

Where do you save? _____

What type of saving? _____

What is your source of saving money? _____

25c. If no, what is the reason?

- 1-lack of money 2-lack of awareness 3-no near by institution to save

26. If any difficulties has happened in your household, how do you managed it?
 1- Sold household assets 2-borrowed from relatives/ friends/neighbors (cost free)
 3-borrowed at cost from village money lenders 4-it did not happened
 5- others/specify _____
27. Did you have savings in the following kinds before or/and during 3 years period?

Items/kinds with amount	Before 3 years (before 1996 E.C)		Items/kinds with amount	During the past 3 years	
	source of money for saving	Expected value in birr		Source of money for saving	Expected value in birr
Livestock -			Livestock -		
Stored cereals -			Stored cereals -		
Ornaments -			Ornaments -		
Garment -			Garment -		
Bee keeping			Bee keeping		
Tree plant			Tree plant		

- 28a. Do you currently have any personal cash savings that you keep in case of emergencies or because you plan to make a major purchase or investment?
 1 = Yes 0 = No 99 = don't know
- 28b. If yes, during the last 12 months, has your personal cash savings...?
 1 = Decreased Greatly 2 = Decreased 3 = Stayed the Same
 4 = Increased 5 = Increased Greatly 99 = Don't Know
- 28c. What is your current total amount of saving in birr? _____
- 28d. Where do you keep your saving?
 1-ACSI branch 2-with relatives/friends 3-in a bank
 4-at home 5-other development programs
 6-at village money lenders 7-others/specify _____
- 28e. What is your source of money for saving?
- 28f. Why you are saving? (More than one answer is possible and please give rank)
 1-for loan repayment 2-for safety of cash
 3-for consumption 4-to earn interest
 5-to buy household assets 6-to make improvement to the house
 7-to withdraw during emergency 8-to pay school expenses
 9-for Animal raising 10-to Reinvest in my enterprise
 11- Other (specify) _____ 99 = Don't know
- 28g. How much did you withdraw from your savings in the last 12 months?
- 28h. How did you use the savings?
 1. pay off loan 2.invest in the business 3.give to spouse
 4. pay school fees 5.pay medical bills 6.improve the house
 7- Other (specify) _____
- 28i. Who decided to use the savings in these ways?
 1/My self 2/husband 3/father

- 4/son 5/mother
6/ other/specify with sex_____
- 28j. What would you have done if you did not have these savings available?
1- sold household assets 2-borrowed from friends/relatives/neighbors (cost free)
3-borrowed at cost 4- others/specify_____ 99-Don't know
- 28k. Did you save regularly?
1 = Yes 0 = No 99 = Don't know
29. How do you think about the impact of ACSI/ other MFI programs, if available, to improve your saving habit?
1-very high 2-high 3- medium 4- low 5-very low
6-no impact 7-Don't know

Part Four

Hypothesis to be tested: *Women Participation in the microfinance program raises their participation on household decision makings .*

Survey Questions:

30. Indicate the decision maker of each activity in the following table (mark (√) if yes). Please choose the decision makers from the least (multiple answers are possible)
1 = mostly Self 2 = myself and spouse equally 3 = mostly spouse
4 = Female relative (mother, sister, aunt, grandmother, mother-in-law)
5 = Male relative (husband, father, brother, uncle, grandfather, father-in-law, brother-in-law)

Activities which need decision	Before 3 years (before 1996 E.C) Decision was made by					During the past 3 years Decision is made by				
	No.1	No.2	No.3	No.4	No.5	No.1	No.2	No.3	No.4	No.5
<i>The use of loan</i>										
<i>The use of savings</i>										
Buy house hold food										
Buy house hold clothing										
My garments, ornaments...										
Pay school Expenses										
Cooking utensils										
Pay health-related costs.										
Fee for eqube, eder, maheber, wedding...										
Buy items for the house										
Reinvest in my enterprise										
Sale ox, cow, camel, donkey										
Sale goat, sheep										
Sale hen, milk products										
Sale cereals										
Other (specify)										

31. How do you think about the impact of ACSI/ other MFI programs, if available, to improve your decision making role in the household?
1-very high 2-high 3- medium 4- low 5-very low
6-no impact 7-Don't know

IV. about over all program

32. If you have information, Name three things you like most about the ACSI program.
1 = Lower interest rate than other informal sources of credit(informal lenders)
2 = Steady source of working capital
3 = Group solidarity and/or group dynamics
4 = Training or technical assistance
5 = Other financial services, such as savings or insurance
6 = Efficiency, compared to banks or other sources
7 = Easier guarantees than loan alternatives
8 = Other (specify) _____
99 = Don't know
33. If you have information, Name three things you like least about ACSI program.
1 = High interest rates or commission
2 = Size of initial or subsequent loans too small
3 = Loan cycle too long or too short
4 = Problematic group dynamics (with leaders or at meetings)
5 = Meeting frequency too often or meetings too long
6 = Meeting place / office not convenient
7 = Repayment policies (frequency, amount)
8 = Guarantee policies
9 = Transaction costs for client (such as slow disbursement or have to cash checks)
10 = Dislike behavior/ attitude of loan officer or other program personnel
11 = Lack of grace period
12 = Forced savings or insurance
13 = Other (specify) _____
14 = Nothing
99 = Don't know
- 34a. Have you heard of any success story about Female ACSI clients?
1 = Yes 0 = No
- 34b. If yes, Explain about them shortly;
35. If you could change something about the ACSI program to make it even better, what would you change?

Interviewer's Name _____
Signature _____

Questionnaire 3
Questioner for Drop outs/ex-client
Impact of Micro finance for Women Economic Empowerment: the case of Amhara Credit and Saving
Institution in Kobo Woreda

I General Information

Region _____ Zone _____ Name of MFI _____
 Woreda _____ Kebele _____ Name of Sub-branch _____
 Respondent Address 1/ urban 2/ rural Center _____
 Specified place of survey _____ Date of the Interview _____

II Demographic Information

1. Respondent's I.D. No./Name _____
2. Sex F
3. Age _____
4. Ethnicity 1-Amhara 2- Tigray 3-Oromo 4-Afar
5-others/specify _____
5. Religion 1-Orthodox 2-Muslim 3-Catholic 4-Protestant
5-Traditional faith 6-others /specify _____
6. Marital status 1-Single 2-Married 3-Widowed 4- Divorced
7. Education status 1-Illiterate 2-Read and write 3-grade 1-4 4-grade 5-8
5-grade 9-12 6- grade 12 complete 7- grade 12 +
8. Main Occupation 1-Farmer 2-Military 3-Theacher 4-Merchant 5-Student
6- others/specify _____

III Household livelihood information

9. Number of household members _____
10. Head of the Household
1-My Self 2-Husband 3- Father 4-Mother
5-Son 6-others/specify _____
11. What is your family source of livelihood? (more than one response is possible)

Source of livelihood	Mark (✓) the source	order the source according to their contribution to your household income (1 st , 2 nd ...)
Farming		
Micro business		
Wage labor		
Monthly salary		
Remittance		
Food for work program		
others/specify		

VI Loan and repayment information

12. Type of borrower:
1-individual loan _____
2-roup loan _____
3-other/specify _____
- 13a. When did you 1st join ACSI? Month ___ year ___ E.C.
- 13b. When did you quit ACSI? Month ___ year ___ E.C.
14. Number of program loans taken _____

15. Size of last loan in birr _____
- 16a. Have you settled your last loan fully?
 1=yes 0=No
- 16b. If NO, amount in arrears or default? _____
- 17a. Amount of savings withdrawn _____
- 17b. Amount of withdrawn savings used to pay off the last loan? _____
- 18a. How did you spend your last loan? (*Multiple responses possible. Mark the 3 largest categories of expenditure. Do not read answers.*)
- | | |
|--------------------------------------|--|
| 1. Start a new business | 6. Improve/expand business site |
| 2. Change type of business | 7. School fees |
| 3. Buy more inputs/stock | 8. Medical/funeral expenses |
| 4. Buy equipment/tools, and the like | 9. Savings |
| 5. Hire more workers | 10. Other (<i>specify</i>) _____ |
| | 99. Don't know, or unwilling to answer |
- 18b. If the loan was used for business purpose, mark type of business financed by last loan (*Mark only one answer*):
- | | |
|------------------------|------------------------------------|
| 1. Retail | 4. Agriculture |
| 2. Service | 5. Animal raising |
| 3. Production/industry | 7. Other (<i>specify</i>): _____ |
19. During the last 12 months, did your income in the business...? (*Read answers. Mark only one answer.*)
- | | |
|---------------------|---------------------|
| 1. Increase greatly | 4. Decrease some |
| 2. Increase some | 5. Decrease greatly |
| 3. Stay the same | 99. Don't know |
- 20a. Did the loans help your family? (choose the answer best describes the impact for you of these program loans) (*Read answers. Mark only one answer.*)
- | | |
|-------------------------------|----------------------|
| 1. Yes, Helped me quite a lot | 4. Loan was a burden |
| 2. Yes, Helped me a little | 99. Don't know |
| 3. Didn't help me at all | |
- 20b. If yes, how? (*Do not read. Multiple responses possible*)
- | | |
|----------------------------------|--|
| 1. More and better food | 6. Furniture, utensils, goods for your house |
| 2. Educate children/self | 7. Recreation; leisure activities |
| 3. Improve your housing | 8. Other (<i>specify</i>) _____ |
| 4. Medical costs/improved health | 98. Loans did not help family |
| 5. Clothing | 99. Don't know |
21. Which of the following best describes your experience in paying your last loan? (*Read the answers. Mark only one answer.*)
- | | |
|------------------------------|----------------|
| 1. Difficult to pay | 3. Easy to pay |
| 2. Within my capacity to pay | 99. Don't know |
- 22a. (*For group members only*) Do you think you benefited from being a member of the group?
 1=yes 0=No
- 22b. *If yes, Please tell me the specific ways in which being in a group helped you. (Do not read answers. Multiple responses possible.)*
1. Helped me to make my repayments
 2. Provided advice and support when I needed help personally
 3. Gave me business ideas and contacts
 4. Offered me new friendships
 5. Allowed me to develop my leadership skills
 6. Gave me training and new information
 7. Other(*specify*): _____

V Drop outing Information

- 23a. Who primarily made the decision that you will no longer be participating in the program (or continuing as a member of this group)? (*Do not read answers. Mark only one answer*)
1. I made the decision.
 2. Someone else in my family decided. Specify who _____
Why? _____
 3. The group made the decision.
 4. The program made the decision.
- 23b. (*If marked answer 3 in previous question*) In your opinion, what factors led the group to decide to exclude your continued participation? (*Do not read answers. Multiple responses possible.*)
1. Repayment problems
 2. Attendance problems
 3. Difficulties with other members of the group
 4. Other reason (*specify*): _____
24. What are the main reasons that you are leaving or left the program? (*See the following list of possible answers. Do not read answers. Multiple responses are possible*)
- 24a. **Problems with program policies or procedures:**
1. The loan amount is too small.
 2. The loan length is too short.
 3. I do not like the repayment schedule.
 4. The loan became too expensive (such as interest, fees).
 5. The disbursement of the loans is not efficient.
 6. I was unwilling to borrow because of other conditions (such as obligatory savings, obligatory training).
 7. I did not like the treatment by the staff or had personal conflicts with staff. Who? _____
 8. I found a program with better terms.
Which one? _____
Why is it better? _____
- 24b. **Problems with group lending:**
1. The group told me to leave.
 2. The group disbanded.
 3. I had personal conflicts with other members of the group.
Explain _____
 4. I was unhappy about group leadership.
 5. I was unable or unwilling to attend all the group meetings (such as take too much time; have schedule conflicts)
 6. I did not like the rules and/or the pressure established by group.
- 24c. **Client's business reasons:**
1. I have enough working capital now for my business.
 2. My business is seasonal; I will borrow again when I need it.
 3. I am graduating to a loan program that makes larger loans.
Which one? _____
 4. I am unable to repay the loans because of the weak condition of my business (for example, poor profits, low sales).
 5. I decided to close the business and do something else (for example, get a job, start a new business).
Why? _____
 6. I sold the business.
- 24d. **Personal reasons:**
1. I cannot continue because I spent the money on a crisis (such as illness, death) or a celebration (such as marriage) in my family.
 2. My spouse (or other adult income earner) left me so I do not have the ability to continue the business.
 3. I am pregnant or now have another person to care for (lack of time or ability to continue the business at the same level).
 4. I am moving out of the area.

5. A family member told me to stop borrowing from the program.

24f. **Community and economic reasons:**

1. My business was ruined by a disaster (such as robbery; fire; flood; hurricane).
2. A major new competitor moved into the area and many of my customers now buy from the competition.
3. Poor economic conditions have left my customers with less money with which to buy my goods or services.

24g. **Other reasons:**

1. Other(*specify*): _____
2. Don't know

25a. Did you take any loan from other sources after you left from ACSI program?

1=yes 0=No

25b. If yes, where? _____

26a. Are you participating in other financial programmes by now?

1=yes 0=No

26b. If yes, where? _____

IV Hypothesis Based Information

27. What happened on the following hypothesis variables During the loan period and after Drop out? Please indicate the level by marking (√).

1 = Decreased Greatly 2 = Decreased 3 = Stayed the Same
 4 = Increased 5 = Increased Greatly 99 = Don't Know

Hypothesis variables	During the loan period						After Drop out					
	No1.	No2.	No3.	No4.	No5.	No6.	No1.	No2.	No3.	No4.	No5.	No6.
Accesses to and control over Assets												
Saving habit												
Income												
Decision making on expenditures, sales, and the like												

IIV About overall program

28. Which best describes your experience of participating in the program? (*Read answers. Mark only one answer.*)

1. Very good 4. Bad
2. Good 5. Very Bad
3. No Effect

29. Please name the two things you liked best about the program.

30. Please name the two things you liked least about the program.

31. What do you think should be done to improve the program for clients?

32a. Do you think that you would rejoin the program in the future? (*Read answers.*)

1. Yes 4. Only if specific changes are made
2. Probably 99. Don't know

3. No

- 32b.** If specific changes are needed, Note the specific changes in the program that the ex-client desires before returning to the program.
- 33.** Would you encourage a relative or friend to join this program the way it is now?
1 = Yes 0 = No 99 = don't know
- 34.** Any other comments:

IIIIV Observations by the loan officer about the ex-client and reasons for leaving:

- 35.** Circumstances of departure according to program MIS (Mark only one answer):
1. Client voluntarily left group/program
 2. Loan group failed so client left
 3. Group/program expelled the client (because of inability to pay, loan default)
 4. Other
- 36a.** Does the information given above match with your understanding of the situation and the program records?
1 = Yes 0 = No 99 = don't know
- 36b.** If no, Why not? _____
- 37a.** Was there any noticeable difference between this ex-client and other clients in his or her group?
1 = Yes 0 = No 99 = don't know
- 37b.** If yes, What was the difference? (poorer, richer, more outgoing, more shy, and so on)
- 38.** Other comments:

Interviewer's Name _____
Signature _____
