

**ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**THE ROLE OF MICROFINANCE IN ENHANCING YOUTH
EMPLOYMENT OPPORTUNITIES: THE CASE
OF ADDIS CREDIT AND SAVING INSTITUTION S.C IN YEKA
SUB CITY, ADDIS ABABA**

**BY
MULYE GIRMA**

**JULY 2009
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MULYE GIRMA

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Advisor: Weldab Teshome (PhD)

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Acronyms

ADCSI	Addis Credit and Saving Institution
ADI	Africa Development Indicator
CSA	Central Statistics Authority
ECA	Economic Commission for Africa
FDRE	Federal Democratic Republic of Ethiopia
ILO	Institution of Labor Organization
MIFs	Microfinance Institutions
UN	United Nation
SPSS	Statistical Packages for Social Science
WB	World Bank

Chapter One

1. Introduction

1.1 Background

Youth population increase from year to year all over the world. Today, world population counts an estimated 1.2 billion people between the ages of 15 to 24, an increase of 17 percent compared to 1995, or 18 percent of the world population. About 87 percent of these young people live in countries with developing economies. Whereas in Africa, 200 million people are in this age range (UN 2007). This figure reflects the United Nations definition of youth; however, when the broad definition used by Africa union used (encompassing all those aged 15 to 34 years), the number escalates. These young people constitute a disproportionate large part of the world poor (WB 2008:9). The still very high fertility rate along with a demographic transition that is slowly taking place in the region are likely to increase the pressure Africa countries face for job creation over the coming decades (ADI 2008).

The large, and perhaps growing, number of unemployed youth is one of the most discouraging problems faced by both developed and developing countries. On average and almost everywhere for every one unemployed adult people among the population, two young person's find themselves without a job (ILO 2000:3). Youth unemployment and underemployment represent growing concern worldwide. According to international labor organization estimates, youth in 2002 made 41% of the world's unemployed, 88 million people in absolute terms. Young people everywhere invariable have much higher rate of joblessness and much lower earning than old

workers (Guarcello and Rosate 2007:2) Because of limited vacancies in the job markets, unemployment among youth in Africa was a very high 19.5 percent in 2005. Between 1995 and 2005, the number of unemployed youth in Africa rose by 34 percent of even greater concern is that 27 per cent of youth neither in school nor at works (UN 2007:96).

The challenge of youth employment generally in Africa is large and in sub-Saharan Africa particularly unemployment situation is reaching alarming proportion and the youth appears to be bearing a disproportionate burden of problem (ILO 1998:6). Among Sub-Sahara Countries, Ethiopia accounts for the largest youth population and lack of employment opportunities for Ethiopian young people is among the critical developing challenges facing the country (Guarcello and Rosati, 2007:2). Moreover, Ethiopian young people living in cities and towns are much more likely to be unemployed than their rural counter parts, again underscoring the different nature of the urban and rural economies, and in particular the important role that the agriculture sector plays in absorbing young rural workers (Guarcello and Rosati 2007:17). The youth in Ethiopia make up over a third of the population in urban centers and that it bears the brunt of unemployment problems makes a strong case for designing appropriate policy that tackles youth unemployment and marginalization (Getinet 2003:5). With the frame work of potential efforts and strategies to boost employment, job creation, and to alleviate poverty through provision of sustainable financial and other related service microfinance is increasingly accepted (profile of ADCSI 2000). Ethiopia has regulatory frame work that allow microfinance institutions to mobilize saving starting from the day of their registration or after receiving their licenses from National Bank of Ethiopia (Microfinance review 2008:8).

1.2 Statement of the Problem

Economic participation represents one of the most fundamental and rewarding ways in which young people can become involved in their countries and make positive contribution to development. Earning an income through an employment fosters an independency and is an essential part of the responsible adulthood (UN, 2007:79). A country's potential for development is greatly influenced by young people who make up more than fifty percent of the population of most member state of the Economic Commission for Africa (ECA, 2002:1). Youth labor force, which is the sum of the employed youth and unemployed youth, growth will continue to be concentrated in Sub-Saharan Africa, South East Asian and the Pacific, and in the Middle East and North Africa Regions (ILO, 2006:3). These young people are among the world's greatest assets. They bring energy, talent, creativity to the economy and create foundation for future development (Elder and Schmidt, 2006:1).

However in many countries, the degree to which youth can contribute to the developments of their countries in particular and the continent in general is constrained by circumscribed life chances, with the lack of employment opportunities being one of the major circumscriptions. The world is facing a growing youth unemployment crisis. Latest International Labor Office data indicate that of the world's estimated 191 million unemployed people in 2004, about half or nearly 86 million are aged between 15 and 24. In many economies, young people are more than three times as likely as adult to be out of work (ILO, 2006:3). A generation without the hope of

stable job is a burden for the whole society. In addition Poor employment in early stage of young person's career can harm job prospects for life (Haftendorn and salzano, 2003).

The labor force growing with an increasing proportion of youth, however; employment growth is inadequate to absorb labor market entrants. As result, youth are especially affected by unemployment. The inadequate employment situation has a number of socioeconomic, political and moral consequence, unemployment and underemployment reflect the failure to make use of an important factor for production, labor, for fostering economic growth (Berhanu et al, 2005:1)

The problem of unemployment in general and youth unemployment in particular is also the challenge for Ethiopia. In order to address the problems Federal Democratic Republic of Ethiopia establish different strategy among them microfinance institution is one which can help people by giving small loan, saving and other services to become more secure economically. This, in turn, has multiplier effect on people's standard of living, enhancing basic house hold welfare, such as food security, nutrition, shelter, sanitation, health and education services (Mulat, 2008:8).

All over the world different researchers focus on various aspects of youth unemployment and microfinance such as: the study of Schoof (2006:5) focus to obtain a clear and more comprehensive picture of concrete barriers and specific constraints that impede young people from starting and running a business; Gonzo and Plather (2003: 6) focus on the psychological burden, that youth unemployment carries for the individual and his or her family ;Berhanu et al(2005) study focus on characteristics and determinants of youth employment in developing countries, specifically in Ethiopia. Furthermore studies conducted in Ethiopia primarily focus on causes of unemployment , type of unemployment and constraint faced by microfinance

beneficiaries , with little attention paid to the link between youth employment and microfinance , the resulting benefits and its role on employment opportunities(See Berhan 2005; Amiro2003;Dagam 2007).The proposed study will attempt to generate empirical and qualitative knowledge that will fill the gap in knowledge and therefore contribute to policy making process.

1.3 Objectives of the Study

The general objective of the study is to investigate the role of micro-finance in enhancing youth employment opportunities in Addis Ababa;

1.3.1 Specific Objectives

1. To assess the previous employment status of the youth before they became beneficiaries of microfinance loan;
2. To determine whether or not microfinance has made a significant difference on the economic , social and living standard of the youth beneficiaries of ADCSI
3. To examine employment opportunities of the youth beneficiaries of ADCSI.

1.4 Methods of the Study

This study used both primary and secondary sources of data. Secondary data needed for the study was reviewed from sources such as profile ADCSI, CSA abstracts, books, articles, and theses. On the other hand, primary data needed for the study was collected from clients of Addis Credit and Saving Institutions, *Kebeles'* administration staffs, and knowledgeable individual from ADCSI staffs. In the section below, research method used to generate primary data will be discussed.

1.4.1 Survey

A survey involves asking individuals questions about their opinion, beliefs, attitudes or behaviors with regard to a given topic. Individuals are selected to take part in survey because they share certain characteristics and form some kind of population (Hancock, 2002:8).

Survey Design

A survey with an approximating longitudinal design was used in the study in order to generate quantitative data. This study design involves the use of mechanism which helps to deal with change over time to improve the cross sectional design. This allows the collection of data at one point in time from a sample selected to describe some large population at that time (Babbie, 1990:56). The choice of the particular design was decided by the nature of the research objectives which attempt to examine the different benefits of microfinance loan to youth which involves memorizing aspects of life which happened a long time ago before and after loan.

Sampling Design

The sampling design used in this study was purposive sampling. The researcher purposively selected YEKA –Sub City, *Kebeles* in the Sub-City and individual clients with in the selected *Kebeles* for the study.

YEKA Sub-City was selected for the study because of the following reasons;

- a) It is the second Sub-City in terms of population number relative to other Sub-City
- b) It is the place where ADCSI started giving the service
- c) It is ranked first in terms of client's population.
- d) It is also the first Sub City in mobilizing clients.

- e) It is also the first Sub City in accomplishing the yearly plan and giving service to clients above the plan given by head office

Whereas the *kebeles* in the Sub-City selected purposively because

- a) Largest number of youth clients found in those *kebeles* according to key informants in the YEKA Sub-City
- b) Credit officers who work for more than two years and able to help the researcher to identify youth clients from non-clients youth population found in the selected *kebeles* but in the other *kebeles* of the YEKA Sbu-City credit officer were new for the *kebeles* in which they work
- c) The *kebeles* were winner in their accomplishing yearly plan for repeated years

The individuals were selected purposively because of the following reasons

- a) The research focus on the young people who were beneficiaries of ADCSI and to specifically identify them from other age group
- b) In order to get youth clients who used the services of ADCSI for two years and above

The study was carried out in four *kebeles* namely *kebele* 13/14, and *kebele* 16/ 17 from mid February to the end of April 2009. To get addresses of the clients of ADCSI in four *Kebeles*, the researcher took help from credit officers who worked for more than two years in branches of ADCSI that are found in *kebeles* where the study was carried out.

The total size of the sample was 117 which were selected based on the proportion of number of clients in *kebeles*: four percent out of 1800 active clients from *kebele* 16/17 and three percent out of 1500 active clients from *kebeles*13/14. However, during data collection, there were eight respondents who did not answer the questionnaires.

Different number of clients was sampled proportionally based on total number of clients in *kebeles* as the following table shows.

Table 1-1: Number of Respondents by *kebele*

Kebele	Number of respondents	Percent
Kebele 13	25	22.9
Kebele14	20	18.3
Kebele 16	30	27.5
Kebele 17	34	31.2
Total	109	100.0

From the above table it is possible to observe that majority of the respondents (31.2%) are from *kebele* 17. This is followed by *kebele* 16 which constitute 27.5 percent of the total number of respondents. On the other hand *kebele* 13 has the third position in terms of number of clients (22.9%). And small number of respondents in the sample found in *kebele* 14 making up 18.3 percent.

Survey Instrument

Questionnaire was administered to the clients of ADCSI in the study. Several different types of questions were used such as close-ended questions which seek a limited response from respondents, on the other hand, open-ended questions which allow respondents to answer freely in their own words. And they were used when a more extensive response is being sought (Hancock, 2002:10).

Data Analysis

To analyze the data which were obtained from the sample survey, SPSS and different statistical techniques were used. For analyzing univariate variable, for example, the average income of individual clients' basic descriptive statistics were used appropriately in relation to various statistical requirements such as level of measurement and characteristics of variables in hand. In descriptive statistics, the commonly used technique for presenting research results are percentage, frequency table, histogram, percentage change, bar graph, chart and graph. On the other hand, for analyzing the association between bivariate variables, various statistical tools were used like cross tabulation, chi square tests, phi value, and Cramer's V. The criteria to choose among these statistical instruments were the level of measurements and their ability to answer questions like "is there any relationship between two variables?" And "how strong is the relationship between two the variables?"

1.4.2 Interview with Key Informants

Key informants interview were conducted with knowledgeable individuals including staff of Addis Credit and Saving Institution, and Kebele administration staffs in order to collect qualitative data. The issues raised were general information about the institutions history, information about clients and history about the *kebele* in which the study was carried out. Key informants interview was used since these topics need a great depth of response per individual is desirable as with knowledgeable respondents.

In addition case study was used in the study which is in depth investigation of single or small number of unit .In this research, to investigate the role of microfinance institution in changing the life of the youth, case studies were conducted with purposively selected six youths from each *kebele* proportional to the size of number of clients.

1.5 Significance of the Study

The current population trend indicates that in developing countries above 50% of the population are under the age of 25. These young people considered as agent of development. And development is a multi- dimensional concept which includes social and economic aspects of life. For these reasons, the selection of this research topic is attributed to the pivotal role young people play in social and economic development of the country. Moreover, the finding of this study will have various implications for policy formulation on youth beneficiaries of microfinance.

1.6 Limitation of the Study

Conducting the research suffered from many factors which slowed down the pace of its progress or affect the validity of its findings. Similarly this research work passed through some difficulties such as key informants in ADCSI were not easily available to give information according to the time table of this thesis. This in turn slows the data collection period. In addition, since credit officers of ADCSI in each kebeles changed from one kebele to another for different reasons, it created a great problem to get the staff who could inform addresses of clients who joined the service of ADCSI before two years and above. Besides, most of clients were not available in their

home and work place at the time of data collection. This resulted in extended the data collection deadline. Moreover, the area of kotebe was very wide, has difficult ups and downs, and the respondents were geographically dispersed in all kebeles. These all together slowed the data collection process. Even if these factors retarded the progress of the study, the researcher tried his best to tackle the problems using various strategies and completed the research.

1.7 Organization of the Thesis

The thesis was organized in to seven chapters. The first chapter introduces the back ground of the study, statement of the problem, objectives of the study, methods of the study, significance of the study and limitation of the study. In addition in this chapter definitions and key concepts were also discussed. The second chapter provides reviews of related literature in the context of microfinance including history of microfinance, the spread of microfinance in global context, characteristics of microfinance, methodology of microfinance, Graminee model, microfinance is not just money, criticism of microfinance, micro finance in Ethiopia and objective of ADCSI. It also provides reviewed literatures directly related to youth context like why youth employment is key issue, cost of unemployment , cause of unemployment, youth insecure financial condition and their behavior, and socio-cultural factors affecting youth and start up business. In addition, youth policy in Ethiopia and the need for employment creation are reviewed in this chapter. Chapter three is the core of this thesis that overviewed conceptual frame work and theoretical model. It provides empirical review of youth. Chapter four presents description of the study area and history of ADCSI. In chapter five, statistical methodology applied to this thesis' is discussed. This chapter gives the overview about the type of statistical ideas that were implemented to analyze information from the interviewees. The researcher tried to present the

views of clients of ADCSI through the empirical findings on the role of microfinance on employment opportunities, economic benefits, social benefits and their living standards through tables and diagrams. Chapter six presents and analyzes qualitative data and the final chapter is about summary and conclusion.

1.8 Conceptualization and Operationalization of Core Variables

A. Definition of Core Concepts

1. Microfinance is an economic development approach that involves providing financial service through institution, to low-income clients, where the market fails to provide appropriate services. The services provided by microfinance institutions include credit, saving and insurance services (Arifujjaman and Anisur, 2007:5).
2. Micro credit emphasizes the provision of credit services to low income clients, usually in the form of small loan for micro enterprise and income generating activities (Bakhtiari, 2006:2). Moreover, Micro credit is a component of microfinance and is the extension of small loans to entrepreneurs, who are too poor to qualify for traditional bank loan. Especially in developing countries micro-credit enable poor people to engage in self employment projects that generate income, thus allowing them to improve the standard of living for themselves and their families (Wrenn, 2005:1).
3. Internationally there is no generalized definition of the term" youth". Each country has established its own definition of youth based on different cultural, social and economic influences and background (Schoof, 2006:1). In Mozambique for example youth is defined as the 14-35 age group and in Nigeria, youth are defined as the 6-30 age group

and in Australia ,it is12-25age group (ECA ,2002:1). Whereas in South Africa, a young man or young woman can legally consent to sexual intercourse at the age of 16, can obtain a driver's license at the age of 17, can vote at the age of 18 but can only own land at the age of 21. Youth as economic agent is defined as starting at age 15, according to ILO convention number 138 (Curtain, 2000:5). The standard, united nation definition is that youth refers to the 15to24 age group. In developed countries the lower age limit tend to coincide with the legal school leaving age but no particular justification for the upper age limit. On the other hand, in developing countries there is wide variation in the definition of the youth (Getient, 2003: 2). Ethiopia define the youth as all those aged 15 to 29 (FDRE youth policy, 2004:1). For the purpose of the empirical analysis which will be carried out in this study 15 to 29 age group will be regarded as youth. This definition coincides with the recent Federal Democratic Republic of Ethiopia youth policy definition (UN, 2007: 80).

4. A microfinance institution is an organization, engaged in extending micro credit loans and other financial services to poor borrowers for income generation and self employment activates. A microfinance institutions is usually not part of the formal banking industry or government (Arifujjaman and Anisur, 2007: 6)
5. Addis credit and saving institutions S.C. (ADCSI) is a microfinance institution which operates within the boundaries of Addis Ababa city administration. The mission of the institution is to promote micro and small enterprise to alleviate poverty and unemployment prevailing in the Addis Ababa city administration territory through provision of sustainable financial and other related service (Profile of ADCSI, 2001: 1).
6. Employed persons are (a) all those who did any work at all as paid employees, worked in their own businesses, profession or on their own farm, or who worked 15 hours or more

as unpaid workers in a family operated enterprise, and(b)all those who did not work but has jobs or business from which they were temporarily absent due to illness, bad weather, vacation, child-care problems , labor dispute or personal reasons, whether or not they were paid by their employee for the time off and whether or not they were seeking other jobs (United States Department Labor, 2008:3)

7. Unemployed person is a person who fulfills any or all of the following criteria: without work, currently for work, or seeking work by taking necessary steps to seek paid employment such as applying for jobs or registering with an agency (Guarcello and Rosati, 2007:11).
8. Underemployed person within the employed population, a group of underemployed persons can be differentiated for further analysis (Liu and Wu, 1999:11) .A person is classified as underemployed if the total number of hours worked during the week is less than 30. With regard to Ethiopia and Tanzania, a person is classified as underemployed if in addition he or she is available for more work (World Bank, 2008/09:6)
9. An inactive person is a person who is neither in the labor force (employed or unemployed) nor in education (Guarcello and Rosati, 2007:11)

B. Operationalization of Core Variables

The key variables of the study operationalized in the table below. While the first column on the left list out the key concepts in the study and the column in the middle and to the right show how each concept transformed in to variable that is measured through one or more indicators.

Table 1.1-2: Operationalization of Core Variables

Concepts	Variables	Indicator(s)
Employment status	Employment status of respondents before loan	Types of employment status of respondents before they became beneficiaries of microfinance(ordinal)
Status of Beneficiaries of ADCSI	Duration of membership	Duration of membership of respondents in ADCSI in years(scale)
	Amount of first loan from ADCSI	The amount of startup loan from ADCSI in birr(ordinal)
Economic benefits ADCSI	Sources of respondents income	Type of sources of respondents income before and after becoming beneficiaries of ADCSI(ordinal)
	Trend of respondents' income	- Trend of respondents income after becoming beneficiaries of ADCSI(ordinal) - Reasons for changing trend of income after loan(ordinal)
	Current income of respondents	Current average monthly net income of respondents in birr(ordinal)

Social benefits of respondents after becoming beneficiaries of ADCSI	Educational status of respondents	<ul style="list-style-type: none"> - Trend of respondents educational status after becoming beneficiaries of ADCSI(ordinal) - Reasons for changing educational status of after loan(nominal) - Average educational expense of respondents in birr per year(scale)
	Health facilities of respondents	<ul style="list-style-type: none"> - Whether respondents access to health facilities before and after becoming beneficiaries of ADCSI. - Sources of money for covering health cost of the respondents.
	Respondent's participation in the community	<ul style="list-style-type: none"> - Whether respondents participate in the community associations or not(Nominal) - Types of associations in which respondents participate(Nominal)
Living standard of respondents	Ownership of dwelling,	Types of respondents' ownership of dwelling before and after loan(ordinal)
	Number of rooms in the dwelling	<p style="text-align: center;">Number of room respondents</p> Number of room respondents dwelling have before and after loan(scale)

	Type of materials for constructing household	Types of roofing materials respondents' dwelling constructed with before and after loan(ordinal)
		Type of material respondents' dwelling wall constructed with before and after loan (ordinal)
Access to basic facilities	Access to basic facilities in the dwelling of the respondents	<ul style="list-style-type: none"> - Whether electricity connection is available or not for respondents dwelling after and before loan(ordinal) - Type of primarily used cooking facilities material before and after loan(ordinal) - Type of sources drinking water before and after loan(ordinal) - Type of toilet facilities respondents use before and after loan(ordinal) - Type of bathing facilities respondents use before and after loan(ordinal)
	Consumption of food	- Number of time respondents eat food per day before and after loan(scale)

Employment opportunities	Saving status of respondents	- whether respondents save or not before and after beneficiaries of ADCSI (Nominal)
	Opening new business	- Whether respondents open new business or not after becoming beneficiaries of ADCSI (Nominal) - Type of business in which respondents after loan(Nominal)
	Sources of capital	- Respondents business sources of capital after becoming beneficiaries of (Nominal)
	Employee	- Whether respondents hired labor in their business or not (Nominal) - Number of employee in the business of respondents - Trend of hired labor in the business of respondents (ordinal)
	Family labor	- Whether respondents used family labor in the business or not(nominal) - Number of family labor in the business (Nominal)

Chapter Two

2. The Rational Behind Microfinance and Its Context in Addis Ababa

2.1 Rational Behind Microfinance in Development Approach

Micro finance arose in the 1980s in response to doubts and research findings about state delivery of subsidized credit to poor farmer. Beginning in the mid 1980s, the subsidized, targeted credit model supported by many donors was the object of steady criticism because most programs accumulated large loan losses and required frequent recapitalization to continue operating. It became more and more evident that market based solution was required which leads to a new approach that considers microfinance as an integral part of the overall financial system (LedgerWood, 1999:2).

In Latin America and south Asia, the microfinance has grown out of experiments, but the best-known start was in Bangladesh in 1976, following a widespread famine and hard tough war of liberation in 1976 (Agion et al 2003, cited in Arifujjaman and anisur, 2006:2). It's origin can be traced back to 1976, when microfinance was introduced by noble prize winner Dr. Mohammed Yonus of Bangladesh. He establishes the Grammeen Bank and introduced "Grammeen Model", which is now considered as one of the most successful models in the micro finance industry. The Grammeen Bank finds the economic active poor, who are excluded from financial services. The Grammeen bank so emphasis on mobilization saving and it is an institution that provides small loan to the poor (Arifujjaman and Anisur, 2007:25)

Before Dr. Yunus, the poor were not allowed access to credit and loan due to the widespread belief that the poor could not repay loans. Dr. Yunus project, Grameen Bank, began with loans of less than \$50 to poor basket weaver in Bangladesh. In the past 30 years Grameen has grown to over 3.7 million borrowers worldwide with a 98% repayment rate, higher than any commercial bank (Swope, 2005:6-7). The importance of microfinance in the field of development was reinforced with the launch of the micro credit summit in 1997. The summit aims to reach 175 million of the world's poorest families with credit for the self employed and other financial and business services, by the end of 2005(Micro credit summit 2005, cited in Wrenn, 2005:2:3)

Microfinance gives access to financial and non-financial service to low income people, who wish to access money for starting or developing an income generating activity. The individual loan and savings of the poor clients are small. Microfinance came into being from the appreciation that micro-entrepreneurs and some poorer clients can be bankable, that is, they can repay, both principal and interest, on time and they also make savings, provided financial services are tailored to their financial needs.

2.2 Microfinance Context in Addis Ababa

2.2.1 Youth Policy in Ethiopia

According to ILO(2006:47) the youth who are found in Africa has had different empirical value which differ from the adult population and explain the general situation of the young people such as: ration of youth to adult unemployment rate:3.0(this figure shows youth are nearly three times more likely to be unemployed than adults); in addition three in five of the total unemployed are

young: increase in number of unemployed youth between 1995-2005 which is 34/2 percent in sub Saharan Africa (from 13.0 to 17.4 million): unemployment rate of sub Saharan Africa is ranked thirdly from the world which is 18.1 percent and working poverty among youth is the most alarming for sub Saharan Africa the only region that has seen sharp and continuous increase of the total number of youth working poor at the US one dollar a day level. And government found in ECA countries had taken different measure in order to address the problem.

Key policy in Ethiopia are also directly related to youth employment, including the national youth policy, labour law, educational policy and HIV /AIDS policy. The policies governing Micro and Small enterprise are also highly relevant (WB, 2007:54). In 2004, specifically Ministry of Youth and Sport in Ethiopia for the first time designed a national policy that specifically deals with youth issues. The policy acknowledges the disproportionate representation of youth and particularly the position of disadvantage youth. The youth policy also acknowledges the role of the informal economy in providing employment in the country. Generally the policy envisages the creation of an encouraging environment for the youth to play an entrepreneurial role rather than wait for employment in other sectors (FDRE youth policy, 2004:1:3)

Microfinance in Ethiopia is in its infant stage. Based on data of 2006, the industry's outstanding loan to GDP was 1.7 percent and its share to loan and advances of lending banks and MFI was 1.6 percent mobilize client saving by microfinance institutions has reached 3.6 percent of gross national saving (Befekadu, 2007:15). As at the end of 2007, twenty seven microfinance institutions operate in the country, obtaining license from National bank of Ethiopia. Most of the microfinance institutions operate both in rural and urban areas. (Befekadu, 2007:15)

2.2.2 Addis Credit and Saving Institution

Urban young people in all regions in Ethiopia are 3, 699, 335, of which the highest number is found in Oromia urban region which is above one million. Addis Ababa administration followed Oromia region in number of urban young people (that is 891,940). The third largest urban young people found in Amhara region. On the other hand the lowest number of urban youth found in Gambella region (CSA, 2006).

In relation to unemployment according to CSA (2006:91) the highest number of unemployed population has been recorded in Addis Ababa which is 323,256 from this youth counts 211,752 which show the largest proportion when compared to other age group. The second largest number of urban unemployed people is registered in Oromia region. Whereas, the smallest number of unemployed population is registered in Gambella region (CSA, 2006). Furthermore youth Unemployment rate distribution by region indicates that the percentage of unemployment rate is highest in Dire Dawa and followed by Addis Ababa. Similarly, for 2004 and 2005 the highest unemployment rate had been recorded in Dire Dawa. In recent employment unemployment survey (April 2006), the highest unemployment rate, which is 28.6 percent is registered for Addis Ababa town (CSA, 2006).

This range or continuum constitutes the demand side for micro finance service in Addis Ababa to solve the problem of unemployment and poverty. And in order to achieve these objective Addis Ababa Administration with cooperation of other share holder started giving the service of microfinance in the boundary of Addis Ababa through ADCSI.

According to Addis Credit and Saving Institution S.C profile, (2000:1), its six development objectives are:

1. Provision of credit and saving services to as many active poor as possible.
2. Enhance the development of micro and small enterprises that all entrepreneurial activities with scale of micro and small should be given access to financial services
3. Give priority to women and those trained in vocational and technical college in the provision of financial services.
4. Enhance the culture of saving
5. Create long term self employment in income generation activities.
6. Assure financial and operational self sufficiency of the institution.

Chapter Three

3. Conceptual Framework of the Study

3.1 The Social Impact of Microfinance

By providing small loans and saving facilities to people who are excluded from commercial financial services, microfinance has become a strategy for reducing poverty. Access to credit and deposit services is a way to provide poor women and men with opportunities to take an active role in their respective economies through entrepreneurship and building income, bargaining power and social empowerment (Seep Network, 2006:2).

A number of studies have demonstrated that household that has access to microfinance spend more on education than non client households. In addition households of microfinance clients appear to have a better nutrition, a better health practices and health outcomes than comparable non-clients households. Large and more stable income generally lead to better nutrition, living condition and preventive health care. Increased earning and financial management options also allow clients to treat health problems promptly rather than waiting for conditions to deteriorate. (Mwaniki, 2006:18). Furthermore, by providing poor families with relative in expensive credit and convenient saving services that effectively help the family have enough cashes through the year to reduce the impact of the annual hungry season; major expense, such as school fees or wedding, and/or the devastating of major economic shocks due to family illness, death of bread winner, loss of livestock or a crop or natural disaster (Dunford, 2006:1).

Generally according to ILO (2002:1) publication Socio-economic benefits of micro finance are three fold: Job creation: credit, equity, leasing, payment and guarantee products facilitate small investment in fixed assets and working capital by micro and small enterprise; Poverty reduction: Saving, emergency loans, and insurance products stabilize income levels and reduce vulnerability of people living near the subsistence level; Empowerment: group formation and other delivery technique in microfinance develop a sense of responsibility strengthen social capital, empower the poor, especially women.

Access to credit and saving services for the poor part of the society will lead to job creation and has multidimensional use as discussed above .On the other hand unemployment entails some cost to the unemployed person, to the family of unemployed and the society and large. To begin with, the unemployed would bear the cost of earning that would have come through employment of some source. In addition from the view point of society, youth unemployment means loss of an important component of human capital and forgone output that the youth have produced. Unemployment represents loss of potential output. The more the number of unemployed in a society, the higher will be such a loss be. (Getint, 2003:10). Besides, barriers to employment can block young people in the passage from adolescence to adulthood, which involves setting up household and forming a family. There is some connection between youth joblessness and problems such as drug abuse, petty crime and single parent family. Further high levels of youth unemployment may at an aggregate level, lead to alienation from society and from democratic political process which may give rise to social unrest (ILO, 2000:7).

3.2 Microfinance and Household Income

The asset acquisition over time exercise found that financial services may have contributed to higher household income (Enterprising solutions global consulting, LLC, 2003:10). There is overwhelming evidence to demonstrate that families that participate in micro finance program enjoy an increase in household income (Murdoch and Haley, 2002:5). In relation to this possible evidence of the impact of microfinance institution on house hold expenditure can be seen from upward trend in spending on house hold goods and education. In addition to higher incomes participants attributed part of increased spending to an improved saving culture (Enterprising solution global consulting, LLC, 2003:11). Moreover according to Remenyi and Quinones (2000:8), who conducted a case study in Asia and the pacific conclude that: house holed income of families with access to credit is significantly higher than for comparable households without access to credit.

3.3 Microfinance and Employment

Young people are assets that no country can afford to squander. They have energy, skills and aspirations that are essential for the development and prosperity of our societies. It is, therefore, critical to foster economic and social condition that help youth in their employment and development efforts and enable them to realize their productive potential and their contribution as agents of change (ILO, 2005:15).

As the global youth population increase, with the largest growth in developing countries, the questions of employment for the group became increasingly important (Yocp, 2007:1). One way

to increase youth employment is using the strategy that has received increasing attention recently in the field of development is microfinance. In Sub-Saharan Africa countries the economy consists of three major sectors: the formal, informal and agricultural sectors. The labor absorption of formal wage employment in Sub-Saharan Africa is very limited. The informal sector, by contrast, shows a remarkable dynamism and a considerable capacity to absorb and train large numbers of young urban dwellers. Even though, the agricultural sector remains the mainstay of most sub-Saharan African economies, the demographic explosion and fractional land tenure system tend to create a land pressure which is already being felt by the youth in many countries (ILO, 2000:5).

Moreover for society, youth employment promotes social integration, intergenerational dialogue, citizenship and solidarity. Therefore, Creating and fulfilling income generation job opportunities for young people can have direct positive consequences for poverty alleviation. Youth employment thus benefits social development. It also benefit economic development by facilitating the entry of young skilled people in to productive sectors of an economy, and enabling the economy to sustain or increase its productivity and competitiveness in the global market place(Commission for Social Development, 2007:1).

Microfinance is the provision of financial services to the poor on sustainable basis. Access to financial services protects and empowers the poor by giving them choices (ILO, 2002:2). In addition Microfinance contributes to employment and income stabilization; it mitigates risk and help to cope with vulnerability. Microfinance institutions that provide emergency loans, accessible and safe saving and insurance to client near poverty line help stabilize the income-generating activity of an enterprise household. By contrast, microfinance institutions that cater

primarily to micro and small enterprise with incomes above the poverty line induce wage employment either via the substitution of unpaid by paid family labor or by regular wage earners (ILO, 2002:5)

Employment is key to the attainment of the millennium development goals, without access to productive employment and decent work poverty will not be halved by 2015 (Balkeholk, 1998:2). Anecdotal evidence suggests that microfinance has an effect primarily on self-employment and unpaid family labor, in other words on incomes of the direct client of the microfinance institutions, less on wage employment outside the client family (Balkenhol, 1998:4). According to different studies micro credit programmes seem to reduce wage-employment and income, but to raise self-employment and corresponding income for programmed-participation households (Bali, 2004:15).

Generally Microfinance makes powerful contribution to decent work in a variety of ways: integrating financial and social policy; creating conditions for wage and self-employment; reducing vulnerability; promoting gender equality and empowering the poor (ILO, 2005:4). For every young person, a job offering decent work is an important step in completing the transition to adulthood, a milestone toward independence and self-reliance. In addition for young people living in poverty and in other disadvantageous situations, employment is a main means of attaining a better life. Moreover for more fortunate youth, prospective employment influences their choice of education and training, and increasingly, their choice of education and training, and increasingly, their decision regarding marriage, kinship and cohabitation (Commission for Social Development, 2007:2). The emphasis on microfinance in this century is such that the global conscience believes that if unemployment is reduced, the world would be a better place as there

would be a reduction in poverty, an improved living condition, increased productivity and an overall resultant effects of on enhanced economic performance(Rufus, 2008:103).

On the contrary, unemployment in early life may permanently impair young people's future employability, as pattern of behavior and attitudes established at an early stage tend to persist in life. Their exclusion from gaining work experience and lack of access to continuing training also increases their latter difficulties to find jobs. Besides, the exclusion of young people from productive role in the adult world of work can demoralize them and undermine social cohesion. Communities with high levels of youth unemployment are at greater risk of crime, drug abuse and vandalism (UN, 2007:7).

3.4 Microfinance and Saving

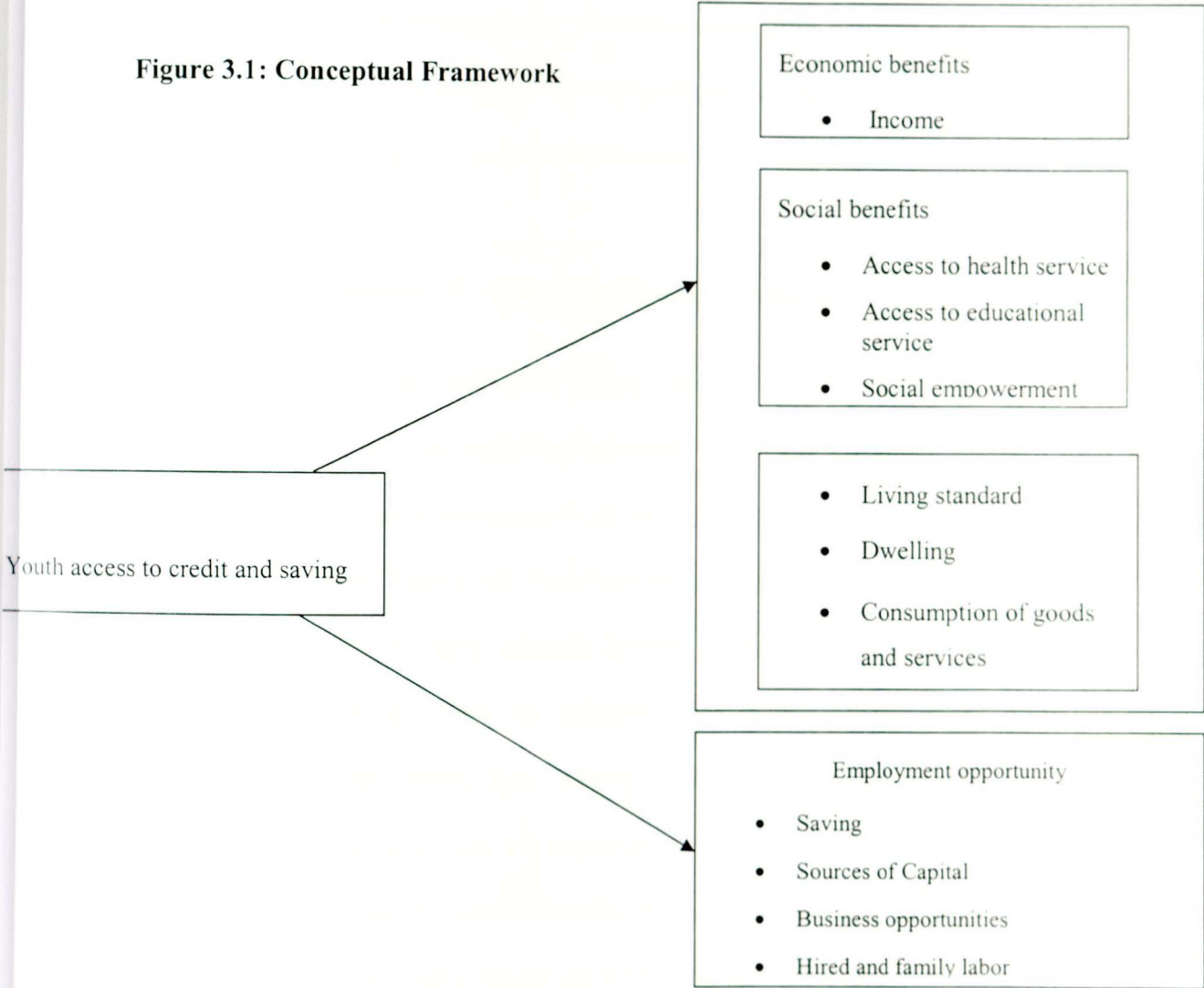
According to Rutherford(1999, cited in Mwaniki, 2006:16) access to more and better way of turning savings in to lump sums helps poor people from sliding deeper in to poverty and helps them lay foundation for their ambitions to better themselves and their families.

Different studies have indicated that the poor save to and accumulate some lump sum for emergencies, consumption smoothing, other needs and events and daily expenditure (Mwaniki, 2006:16).

Deposit service provide safe places for individual to save with interest .Assumption are often made about how poor people manage their money and it is forgotten that poor people also protect themselves against risk and emergencies (Murray and Boros, 2002:20).Furthermore ,it secure women's money ,protecting it from their husbands when necessary , reducing wasteful

consumption and instilling financial discipline .Through all these means saving not only give women a sense of security and hope ,but can also provide them with grater self-esteem ,give them greater voice within their families and greater recognition and status both within and beyond their household(Fisher and Sraram, 2002:53).

Figure 3.1: Conceptual Framework



From reviewed literature the above conceptual framework was developed for this particular research.

Chapter Four

4. Description of the Study Area and ADCSI

Now a day the capital city Addis Ababa is divided in to ten –Sub City and eighty-eight *kebeles* based on geographical characteristics. And this chapter deals with the history of *kebeles* in which the study was carried out, history of Addis Credit and Saving Institution, service delivery posts of ADCSI in the study *kebeles*, and unique characteristics of each *kebeles*.

4.1 History of Addis Credit and Saving Institution

Addis credit and saving institution started giving service in 1988 in YEKA-Sub City and ARADA-Sub City as pilot project by the name “small jobs creation project”, which gradually opened branches office in five zones. And the focus of “small jobs creation project” was mainly on women and youth. During that time, the maximum amount of credit given to clients was 2,000 and the credit was given using solidarity lending methodology. Loan was not given individually based on personal guarantee or collateral. Its share holders were, Addis Ababa City Administration, Addis Ababa City women, Youth and Teachers association, karaalo Akababi Hulegeb peasant’s cooperatives and one physical person. It continued as project up to 1992. But during 1992, under proclamation 40/1988, the project developed in to microfinance institution which is approved by Addis Ababa administration and licensed by National Bank of Ethiopia. From that time on, the institution has been undertaking the function which is allowed for microfinance institution .The name of the institution has also been changed from “Small Job Creation Project” to “Addis Credit and Saving Institution”. The loan policy used by ADCSI from the beginning up to1995 was group based only. But starting from the mid of 1995, change in

policies, procedure and methodology of the institution, it has started to provide individual loan on personal guarantee and/or collateral base. In 1995, with decentralization Addis Ababa administration ADCSI service delivery posts also decentralize .This decentralization of ADCSI service delivery posts following the *kebeles* administration unit which are now 88. Due to this decentralization ADCSI reaches its target groups through the ten branch offices established at each Sub-City level and service delivery posts established in every *kebeles* .Currently the sources of capital for the institution ADCSI are: its share holders, mobilization of saving service and by working third party work (like paying pension). Before 1997, in each *kebeles* ADCSI has only one loan officer who works in service delivery posts and there was only one cashier for each zone or Sub-City. However after 1997, ADCSI reorganized the structure of work environment such as in each service delivery posts the institution employed one manager, one cashier and one credit officer. This kind of working structure was first tried in YEKA-Sub City particularly in *kebele* 16/17 then is applied now in all *kebeles*. According to key informants the working structure of ADCSI has the problem of work load on the credit officer because they work on the field and in the office within the same day. From the beginning up to 1998, the maximum range of loan given to the majority the clients was 2500-5000 birr. After 1998, it became 250,000.

4.2 General Background about YEKA-Sub City

The study was carried out in YEKA- Sub City, which is located in North east part of the city of Addis Ababa. It consisted of twenty *kebeles* at the beginning of this research which was around October, but now it is merged to eleven *kebeles*. According to the recent survey of Central

statistic Authority (2007:508), YEKA- Sub city has a total population of 346, 484 and is the second largest sub city in terms of population number.

YEKA- Sub City is bounded by BOLE Sub-City, ARADA- Sub City and KIRKOS- Sub city. The Sub-City is peculiar in having two open markets: "shola market" which is found in kebele 13 and "North door market place" that is found in kebele 17, that attracts many people toward YEKA-Sub City. In addition "small job creation project "started the experiment of pilot in the Sub City and since the establishment of ADCSI the Sub City is considered as a model for other Sub-Cities because in the Sub City: many model clients exist, majority of ADCSI clients found in the Sub-City, it is also first in terms of repayment of loan by the clients, and majority of the budget from ADCSI allocated to this Sub-City relatively from other Sub-City.

4.3 General Back Ground of the Study *Kebeles*

The study was carried out in four *kebeles* (*kebele* 13/14 and 16 /17), of YEKA-Sub City.13/14 are located around "Shoal market" which is situated between English Embassy and Lamberet. When we compare these two *kebeles* in terms of clients, majority of the clients are found in kebele13.The reason for this, according to the credit officer in that *kebele*, is the existence of the market place in which many people based their means livelihood. In *kebele* 13/14 ADCSI has an office in which there is one credit officer, one cashier, and a manager working two days in *kebeles* 13/14 and two days in *kebeles* 11/12. This creates problems for the credit officer to do loan process as fast as clients want .Before 1997, there was only one loan officer in *kebeles* 13/14 and the clients' number were 300. Currently coverage in *kebeles* 13/14 the client's number reached

1150. Generally the total number of clients to whom the service of ADCSI has been given in these *kebeles* from the starting year up to now is 3050 including those who drop out using the service for several reasons and those who continued to use the service through cycle.

According to Key informants, the poorest part of the society from the center of Addis Ababa migrated to *kebeles* 16/17 in order to get cheap rent houses for living, to build illegal houses and to do urban agriculture. Since these *kebeles* were far from the center of largest open market in Africa and in Ethiopia (“merkato”) which was forced the people to start open market around their area. Moreover in relation to ADCSI these two *kebeles* have also special characteristics. Firstly ADCSI started giving the service as pilot project in these *kebeles* and become successful. Secondly in these *kebeles* the numbers of clients of ADCSI are greater than any *kebeles* in Addis Ababa for this reason it is taken as a model as Sub-City and also as region. These reasons forced the head office to make twice the number of credit officer who work in *kebeles* 16/17. Besides the budget allocated to these *kebeles* are largest than other *kebeles* in the Sub city and even in Addis Ababa. Thirdly the branch that found in these *kebeles* are most of the time were the winner in accomplishing the plan given by head office. Fourthly the *kebeles* are very wide geographically when we compare with other *kebeles* which use the service of ADCSI. Fifthly the repayment of clients is better than any other *kebeles*. The six one is, when the institution organized in the form of micro finance the first model *kebeles* were 16 and 17. Finally the people who live in these *kebeles* have more information about ADCSI than any other *kebeles* in Addis Ababa hence the organization has worked for many years.

Chapter Five

5. Research Result and Discussion

This section presents and discusses the finding of the sample survey. Quantitative data from sample survey is analyzed using software called Statistical Packages for Social scientists and quantitative data from the SPSS analyzed qualitatively and quantitatively. This chapter includes the respondents' socio –demographic characteristics, previous employment status, general background history in relation to ADCSI, economic benefits of microfinance, and social benefits of microfinance, living standard of respondents' and the role of ADCSI in creating employment opportunities for youth clients.

5.1 Socio-demographic Characteristics of Respondents

Socio-demographic information of the respondents is used in different research as the back ground of the research or as vital information for the body of the research (Massaw, 1999; Zewede and Associate, 2002; Berhanu and et al, 2005 cited in Bezuhan, 2008:39). Similarly this section has also tried to assess the respondents' socio-demographic characteristics such as, number of sample respondents by sex, age, marital status, ethnic composition, religion, and educational status.

In this thesis, the variable age of respondents is used to differentiate youth clients from adult and old clients of ADCSI since this research tries to examine the role of microfinance on employment

opportunities of youth clients of ADCSI. Though the definition of the term youth is not universal, the researcher used the definition used by Ethiopian government because the research is carried out in Ethiopia. However, ADCSI is giving services for people whose ages were eighteen and above.

The majority of the respondents 49.5 percent are in the age range of 27-30, followed by the age group of 24-26 which constitute 32.1 percent out of the total sample, 21-23 age group of respondents constitute 14.7 percent and the rest 3.7 percent of the respondents found in the ages range of 18-20. However, there are no youth clients in the sample younger than age 18; this is because the usual lower cut point age for the respondents to become clients of ADCSI is 18. The study does not include those beneficiaries whose age is above 30.

With regard to sex composition of respondents, the findings show that over one-half (55%) of the total respondents of the sample are male and the remaining 45% are female. This shows that the male are slightly greater than female. The composition of sex of the respondents in this survey is different from the key informants' reports of ADCSI who say a number of female clients are greater than male.

Besides, the ratio of male to female shows that for every female respondent there are 1.22 male respondents in this sample survey.

As to the ethnicity composition, majority of the respondents (54.1%) belong to Amhara ethnic group and followed by Oromo (19.3 %) and Gurage (13.8%). The Tigre ethnic group constitutes

9.2 percent of the total sample. Agew and Seliti make up 0.9 percent each out of the total sample in this research.

In relation to marital status according to (Curtain,2006) young people, when faced with uncertain employment prospects and insecure financial conditions, are likely to postpone marriage or forming stable personal relationship and/ or the begetting and accepting of responsibility for children. More extreme social behavior in response to limited or nonexistent economic prospect may include, as in the case of South Africa engaging in illegal activities such as drug trafficking, violent crime, or as gong welfare (Curtain, 2000:6). As the table 5.1, below shows the distribution youth clients of ADCSI in the sample in terms of marital status, the majority of the respondents (56.0%) in the sample are unmarried. Married clients (37.6%) hold the second position followed by divorced (5.5%) and widowed/er(.9%) youth respondents. Generally majority of youth in the sample survey are unmarried.

Table 5-1: Frequency and Percentage Distribution of Respondents by Marital Status

Respondents marital status	Frequency	Percent
Unmarried	61	56.0
Married	41	37.6
Divorced	6	5.5
Widowed/er	1	0.9
Total	109	100.0

Regarding the religious composition of respondents, the majority of the respondents are followers of Orthodox religion (73.4%). While the second largest number of the respondents are follower of Muslim religion (11.9%). On the other hand the protestant followers constitute 8.3 percent of the

total sample. And Catholic and Jova witness religion followers form 4.6 %, and 0.9% respectively.

Furthermore with regard to educational status, (35.8%) of the respondents are between grades 10-12, followed by those who are between grades 1-8 (27.5%). Those respondents who have college diploma and degree constitute 22.0 percent out of the total sample. The rest 11.0% and 2.8% consists of those who can read and write and those who are illiterate respectively.

Table 5-2: Frequency and Percentage Distribution of Respondents by Educational Status

Respondents educational status	Frequency	Percent
Illiterate	3	2.8
read and write	12	11.0
Grades 1-8	30	27.5
Grades 10 -12	39	35.8
college diploma and degree	24	22.0
Missing	1	0.9
Total	109	100.0

5.2 Occupational Status of Youth Clients before Becoming Beneficiaries of ADCSI

In this section previous occupational status of respondents, its association with gender and trend of income after loan will be examined. Because this thesis tries to examine the role of ADCSI in creating youth employment opportunities, the situation of youth employment status before becoming beneficiaries of ADCSI is very important to observe the changing status of youth in terms of employment after respondents started using the service of ADCSI.

The cross tabulation below shows that a number of female and male respondents who were unemployed after leaving school before becoming beneficiaries of ADCSI were 32(29.4%) from the total sample. In the occupation of daily wage laborer male respondents are 13(21.7 percent of all males) and 4(5.2 percent of all females) are daily wage laborer. While, the respondents working on unpaid family businesses are only males that make up 0.9 percent of the total sample. On the other hand 7.3 percent out of the total sample respondents are females who are house wife and those respondents who are house maid in this sample survey are only female respondents which constitute 0.9 percent of the total sample.

The cross tabulation table below also indicates that respondents who were students before they started using the service of ADCSI constitute 12.8 percent out of the total sample. When we disaggregate this data based on gender, male students are 12(20% of the total males) and 2(4.1%of the total females) are female students. The clients who were trader before becoming beneficiaries of ADCSI constitute 29.4 percent of the total sample. The remaining 3.7 percent of the total sample are government employed one.

Table 5-3: Frequency and Percentage Distribution of Respondent's Sex by Types of Respondent's Occupation before Joining ADCSI

Types of respondents occupation before joining ADCSI		Sex of respondents		Total
		Male	female	
Unemployed after living school	Count	16	16	32
	Column %	26.7%	32.7%	29.4%
Daily wage laborers	Count	13	4	17
	Column %	21.7%	8.2%	15.6%
Working on unpaid family business	Count	1		1
	Column %	1.7%		0.9%
Being house wife	Count		8	8
	Column %		16.3%	7.3%
House maid	Count		1	1
	Column %		2%	.9%
Student	Count	12	2	14
	Column %	20%	4.1%	12.8%
Trader	Count	18	14	32
	Column %	30%	28.6%	29.4%
Government employed	Count		4	4
	Column %		8.2%	3.4%
Total	Count	60	49	109
	Column %	100%	100%	100%

Generally the above cross tabulation shows unemployed parts (which include unemployed after leaving school, house wife, working on the unpaid family business and students) ,daily wage laborers and house maid constitute greater percentage (66.9%percent of the total sample) than trader and government employed who constitute 32.8% of the total sample. When we disaggregate data on the base of gender, the female are more unemployed which is 55.1 percent

of the total sample female respondents and males are 48.4 percent of the total sample of the male respondents.

In addition, the relationship between occupational status of respondents before loan and their trend of income after loan are clearly shown in the following table which can give as a high light on the association between previous employment status of respondent and their trend of income.

Table 5-4: Frequency and Percentage Distribution of Sample of Respondents' Previous Employment Status by Their Trend of Income after Loan

Trend of respondents income after becoming beneficiaries of ADCSI		Employment status of respondents before becoming beneficiaries of microfinance			
		Unemployed and daily wage laborer	House maid and student	Trader and government employed	Total
Decrease	Count	3	0	3	6
	Column	5.3%	0.0%	8.3%	5.6%
Increase	Count	48	14	24	86
	Column	84.2%	93.3%	66.7%	79.6%
No change	Count	6	1	9	16
	Column	10.5%	6.7%	25.0%	14.8%
Total	Count	57	15	36	108
	Column	100.0%	10.0%	100.0%	100.0%

Chi-square 6.506 (Ass.sig= .164) indicate no significant relationship

The above table (5.4) describes the association between the trend of respondents' income and their employment status before loan. Whereas, for (93.3%) respondents whose previous employment status were housemaid and students the trend of income increase and the rest 6.7%

trend of income did not show any change after loan, but there were no respondents whose trend of income decrease after loan. In the group of daily wage laborer and unemployed majority (84.2%) of the respondents trend's of income increase after loan. Similarly majority of the respondents (66.7%) from the group of trader and government employed trend's of income increase. On the other hand the chi-square result is not significant which means the association obtained from the sample could not be generalized to the population from which the sample was taken.

Generally we can conclude for the above table (5.4), respondents from all types of employment status who said their income increased after loan were more than the other two (respondents who said their income trend is decreased and did not show any change) for specific sample in this study not for the population from which the sample had taken since the chi-square value is not significant.

5.3 ADCSI Beneficiaries' Duration of Membership and Amount of the First Loan

As the study tries to examine the role of ADCSI on youth employment opportunities which can be observed after respondents use the services for more than one year and above. For this reasons assessing duration of beneficiaries' membership in ADCSI is important to observe the role of ADCSI on the employment opportunities of young people. Besides the about of first loan had taken by the respondents was assessed.

Table 5-5: Frequency and Percentage Distribution of Beneficiaries of ADCSI by Duration of Membership in Years

The number of years elapsed since respondent joined ADCSI for the first time	Frequency	Percent
Two years	31	28.4
Three years	45	41.3
Four years	19	17.4
Five years	8	7.3
Six years	4	3.7
Eight years	2	1.8
Total	109	100.0

As the above table clearly shows respondents who joined the service of ADCSI before two years is 28.4 percent, those respondents who joined the service before three years ago are majority in terms of number in this study (41.3percent), while the respondents who started using the service before four years is 17.4 percent and the remaining respondents joined the service before five, six, eight years constitute 7.3, 3.7and1.8 percent respectively.

Generally from the above table we can observe that the respondents who joined the service of ADCSI three years ago and above together is (71.5%) this outnumbered those who joined using the service before two years (28.4%). As the result it is possible to examine the role of ADCSI in creating youth employment opportunities and the benefits gained from microfinance loan.

According to the key informant's interview of ADCSI employee, with regard to amount of first loan, whose position is credit and loan expert, the maximum amount first loan up to the year 1999 was 5,000 birr. Whereas the key informant from *kebeles* 16/17 said up to the year 1998 the

maximum loan given was 5,000 birr and changed after that year. According to key informant of ADCSI the amount loan also vary with the type of the business plan of the clients even below the maximum loan (5,000 birr).

Table 5-6: Frequency and Percentage Distribution of Respondents by the Amount of Startup Loan Received from ADCSI

Amount of startup loan obtained from ADCSI	Frequency	Percent
1- 1500	18	16.5
1501-3000	60	55.0
3001-4500	19	17.4
4501-6000	12	11.0
Total	109	100.0

The above table clearly shows that the majority (55.0%) of the respondents took their first loan in the range of 1,501 to 3,000 birr which confirm the key informants' of ADCSI information that up to 1999 the maximum amount of loan was 5,000 birr. This indicates majority of client's took small amount of loan at the begging of using the service of ADCSI. The second position is held by those clients who took the loan that ranges from 3,001 up to 4,500 birr (17.4%). Followed by, the clients who took the loan which range between 1 up to 1, 500 birr's (16.5%).

Generally table (5.6) above clearly illustrates that majority of the respondents (71.5%) amount of startup loan from ADCSI is 3,000 birr and below. The rest of respondents who took loan above 3,000 birr make up 28.4 percent out of the total sample.

5.4 Economic Benefits of the Services of ADCSI

Although the microfinance movement started in some developing countries, its scale of application has become global because it has huge potential for changing economic dimension (Murray and Boros, 2002:16). This part of the thesis examines the economic benefits of the respondents obtained from the services of ADCSI. The credit by itself is economic element which can be used for development, this is deeply related to rising income, and however, it is true that other variables have also deep relation with development. All microfinance program targets one thing in general: human development that is geared towards both the economic and social uplift of the people they cater for (Harper, 2003 cited in Arifujjman and Anisur, 2007:33).

5.4.1 Major Sources of Respondents Income before and after Becoming Beneficiaries of ADCSI

Economic benefits of microfinance loan for youth part of the population are directly related to income of the respondents. Therefore examining the sources of income for the respondents before and after becoming beneficiaries of ADCSI are important indicators on the role of microfinance loan on the economic condition of young people after loan.

Table 5-7: Frequency and Percentage Distribution of Respondents by Sources of Income Before and After Becoming Beneficiaries of ADCSI

Sources of respondents Income before loan	Frequency	Percent	Sources of respondents income after loan	Freq.	Percent
Parents	37	33.9	Self employment	95	87.2
Relatives	8	7.3	Working in cooperative	11	10.1
Self employment	55	50.5	Government employed	2	1.8
Government	5	4.6	Total	108	99.1
Husband	4	3.7	Missing	1	0.9
Total	109	100.0	Total	109	100

Table 5.7 Shows 50.5 percent of the client's source of income before loan was their own personal businesses followed by respondents whose income source before becoming beneficiaries of ADCSI were their parents (33.9percent). And the third position is held by respondents whose source of income was their relatives (7.3%). While 4.6 percent of the respondents were government employed and clients with their husband as the source of income constitute 3.7 percent before becoming beneficiaries of ADCSI.

Whereas the source of income for the clients after joining ADCSI in comparisons with their sources before joining the institution enable us to observe the change of clients source of income by the credit and saving services.

Table 5.7 clearly shows that the major source of the respondent's income after joining ADCSI is self employment (87.2 percent out of total sample) when we compared to only 50.5 percent

before they become beneficiaries. This comparison shows that the respondents after becoming beneficiaries of ADCSI the trend of self employment increased that means the credit and saving services crates for the respondent the opportunities of becoming self employed. Besides, those working in cooperative constitute 10.1 percent of the total sample after becoming beneficiaries of ADCSI also have their own job. Whereas those respondents who were government employed before the loan (4.6%) were reduce after loan to (1.8%).

Generally the above table shows that 44.9 percent of the respondents did not have their own income sources before loan (which includes those clients whose sources of money were parents, relatives and husbands). On the other hand, after becoming beneficiaries of ADCSI the respondents' sources of income have greatly been changed that is almost all of the respondents have their own sources of income after loan. Moreover, those youth whose income sources were their parents, relatives and husbands before loan also create their own source of income after loan.

5.4.2 The Trend of Respondents Income after Becoming Beneficiaries of ADCSI

According to different researches, access to credit and saving service is the way to build stable income which has an influence on social aspects such as; education, empowerment and health (Seep Network, 2006:2). In this part of the thesis the trend of respondent's income after using the service of ADCSI and its association with martial status examine. Since marital status is independent nominal variable and trend of income is dependent ordinal variable the statically

tools possible for these variables are cross tab. Chi-square can not be used for this combination of variables

Table 5-8: Frequency and Percentage Distribution Marital Status of Respondents by Trend of Income after Loan

Trend of respondents income after loan		Marital status of respondents				Total
		Unmarried	Married	Divorces	Widowed/er	
Decrease	Count	3	3	0	0	6
	Column%	5.0%	7.3%	.0%	.0%	5.6%
Increase	Count	48	31	6	1	86
	Column%	80.0%	75.0%	100.0%	100.0%	79.6%
No change	Count	9	7	0	0	16
	Column%	15.0%	17.5%	.0%	.0%	14.8%
Total	Count	60	42	6	1	108
	Column%	100.0%	100.0%	100.0%	100.0%	100.0%

That the trend of income for most of the respondents increased (79.6% of the total sample) after becoming beneficiaries of the service .Whereas, the second largest numbers of respondents 16(14.8 percent of the total sample) said their income have shown no change at all even after they were becoming beneficiaries. On the other hand, the trend of income for 5.6 percent of the respondents decreased after loan.

According to table (5.8), trend of income increase for all of respondents who were divorced and widowed. We could say for majority of divorced and widowed/er respondents trend of income increase after loan, even if their absolute number is small and followed by unmarried respondents. Whereas majority of married respondents said their trend of income decrease and had no change after loan

Generally the trend of income for majority of the respondents increase after loan obtained from ADCSI. Reasons for increasing the income of the clients are different. The following part of the thesis deals with the reasons the respondents gave for the increasing trend of their income.

In order to know the specific role of ADCSI on the trend income of respondents' reasons for increasing income had examined. The first reason of respondents for increasing their income is expanding existing enterprise by the loan from ADCSI (27.5 percent of the total population). The second reason also related to the service of ADCSI; that is starting new business (19.3%) by the credit provided by ADCSI. Those clients whose income increased as the result of closeness of their business to market place constitute (18.3%). Whereas youth who got job by using the credit for educational purpose is 14.7%. On the other hand those respondents whose income decreased and not changed are categorized under not applicable. Generally majority number respondents reasons for increasing trend of income were related to business activities. (Annex 7, table A5).

5.5 Social Benefits of Credit and Saving Service

This part of the thesis focuses on the social benefits of the service given by ADCSI. The core of microfinance program goes beyond mere access and distribution of money utilized and invested by low income individual. It helps in fostering and developing a micro, community based environment where existing networks and information, skill and vocational development, leadership training, trust building, small enterprise management, education and health (United Nation Environmental Program, 2003: 5-9). Besides a number of studies in different part of the world confirmed household that has access to microfinance spend more on education than non

client households. Furthermore households of microfinance clients appear to have a better nutrition, a better health practices and health outcomes than comparable non-clients household (Mwaniki, 2006:18).

Among many aspects of social benefits, this research includes education, health, and social participation, and examines how the credit and saving service affect these social aspects of the clients of ADCSI.

5.5.1 Education Status of the Clients after Loan

Young people economical status and relative standing in a community are considerably influenced by the level of education they had attained. Educational status of youth is a basic factor in determining the employment status and in creating stable income sources for a number of reasons. For example, educated people would have a chance of getting a better job than those who are not educated, and this enable them to have a good income which in turn have role on the on the nutrition, health and living standard of the person. Whereas less educated youth have less chance of getting a better job which has multidimensional role in their life.

Table 5-9: Frequency and Percentage Distribution of Respondent's Sex by Trend of Educational Status after Loan

Trend of respondents educational status after loan		Sex of respondents		Total
		Male	Female	
Increased	Count	33	24	57
	Column%	57.6%	46.9%	52.8%
Decreased	Count	6	4	10
	Column%	10.2%	8.25	9.3%
Remained the same	Count	19	22	41
	Column%	32.2%	44.9%	38.05
Total	Count	59	49	108
	Column%	100.0%	100.0%	100.0%

Chi-square = 1.83 with degree of freedom 2 and assumption .sig.=0.4 which is not significant for the population from which the sample is drawn

Table 5.9 indicates that the educational status of most of the respondents (52.3 percent of the total sample) increased after loan. And 38.5 percent of the respondents said their educational status is not changed even after the loan and the remaining 9.3 percent said decreased. Moreover from the same table we can say that majority of the male respondents (57.6%) trend of educational status increased after loan than female. Whereas, majority of the female respondents (44.9%) trend of educational status remained the same than male.

From the above table we can conclude that for specific sample in this study the variables sex and trend of education after loan were associated. And trend of education status increased more for

male respondents than for female respondents. However, to know specific reasons for increasing trend of respondents' income or to know whether or not the increase in the trend of respondent's educational status is the result of microfinance services reasons for increasing trend income had discussed based on table in the annex as follow.

The respondent's reasons for increasing the trend of educational opportunities was income improvement (33.9%), increased awareness towards education (17.4 percent of the total sample) and access to new school built in the area 1.8 percent of the respondents. (Annex 7, table A6)

5.5.2 Respondents Use of Medical Facilities in Relation to the Services of ADCSI

The health of human being is very essential for the development of individual and a country because in the absence of proper health, the working force be it professional, skilled or trained cannot have the capability and opportunity to do jobs effectively and efficiently. Efficiency of workers considerably depends on their health (ILO, 2003).

To cover the medical cost of the individual, income is determinant factors. Since this research focus on the clients who are youth, the sources of their income for using medical service is very important to examine the role of ADCSI on their health the following consecutive tables clearly shows respondents use of health service and their sources of income to cover it .

Table 5-10: Frequency and Percentage Distribution of Respondent Use of Medical Facilities before Becoming Beneficiary of ADCSI

Whether respondents use medical service or not	Frequency	Percent
Yes	87	79.8
No	22	20.2
Total	109	100.0

Table 5.10 shows most of the respondents (79.8 percent) had been using medical service when they were ill and to get other health services before becoming beneficiaries of ADCSI. The remaining 20.2 percent did not use the medical related service before loan.

However, in order to know the role of microfinance on the health using status of clients of ADCSI the above table (5.10) is not enough. For this reason examine the sources of income of youth clients that is used to cover medical cost would high light the role of ADCSI play on the health status of the young people after loan.

Table 5-11: Frequency and Percentage Distribution of Respondents by Sources of Income Used for Covering Medical Cost before Loan

Sources of income for respondents to cover medical cost	Frequency	Percent
Parents	37	33.9
Relatives	5	4.6
Oneself	41	37.6
Free medical service	2	1.8
One's husband	4	3.7
Not applicable	18	16.5
Missing	2	1.8
Total	109	100.0

The above table (5.11) indicates the majority (33.9%) of the respondents did not have their own source of income to get medical treatment, but their sources of income for getting the services were parents (33.9 %), relatives (4.6 %), husbands (3.7) and free medical service 1.8 percent. However, 37.6 percent were able to cover their own medical cost. Whereas, 16.5 percent of the respondents did not use medical service and 1.8 percent missed the question.

The above situation, illustrate most of the respondents source of money for medical cost was not themselves, which in turn lead as to investigate the respondent's use of medical service and their source of income for the cost after loan.

Table 5-12: Frequency and Percentage Distribution of Trend of Respondent's Income after Loan by Whether the Respondent's Use of Medical Service Improved or not after Loan

Whether respondents use of medical services improved after loan		Trend of respondents income after becoming beneficiaries of ADCSI			Total
		Decrease	Increase	No change	
Yes	Count	5	70	3	78
	Column%	83.3%	84.3%	20.0%	75.0%
No	Count	1	13	12	26
	Column%	16.7%	15.7%	80.0%	25.0%
Total	Count	6	83	15	104
	Column%	100.0%	100.0%	100.0%	100.0%

Chi-square = 28.28 with degree of freedom = 2 and asymp.sig.= .000 which shows the two variables has significant relationship. And the cramer's V=0.521 with asymp. Sig.= .000

The above table (5.12) indicates that most of the respondents (75.0 percent of the total sample) health facility use is improved after becoming beneficiaries of ADCSI. But 24.8 percent of respondent's medical service using trend is not improved.

Moreover, there is association between two variables that is when the trend of income increase, the use of improved health service also increases. Whereas, majority of the respondents who's using health services not improved are from the category of respondents whose trend of income is decreased. This is reinforced by chi-square value 28.8 with assumption of significance 0.000 which shows the significance relationship between the above two variables. From this we can conclude that there is an association between the respondents' trend of income after loan and their use of improved medical facilities after loan for this particular sample and for the population as a whole from which the sample is drawn. Furthermore, since the table is three columns by two rows table, we cannot use phi value for measuring the strength of the association but we can use Cramer's V and the value which is 0.521 shows that there is strong relationship between the two variables and the direction of relationship is positive.

This is further strengthened by the reasons respondents mention for the improvement of using medical services. For the majority of the respondents (66.1%) reason of using improved health services is attributed to access to loan from ADCSI and improved income. (Annex 7, table A7)

Generally, the respondents' use of improved health services associated to increase trend of income after loan because of the loan obtained from ADCSI.

5.5.3 Participation of Young People Who Are Beneficiaries of ADCSI in Their Societies

Participation of young people in the society can be of different types. However, in this part of the thesis respondent's participation in community association like; youth association, women association, trade association, cooperative association and traditional association are examined.

Table 5-13: Frequency and Percentage Distribution of Respondents' Trend of Income after Loan by Whether Respondents' Participation Improved

Whether respondents participation in community improved		Respondents trend of income after loan			Total
		Decrease	Increase	No change	
Yes	Count	3	66	4	73
	Column%	60.0%	76.7%	25.0%	68.2%
No	Count	2	20	12	34
	Column%	40.0%	23.3%	75.0%	31.8%
Total	Count	5	86	16	107
	Column%	100.0%	100.0%	100.0%	100.0%

Chi-square= 16.82 with degree of freedom = 2 and assumption of sig. =.000. Besides cramer's V= 0.39 with assumption of significance .000

Table 5.13 Indicates that respondents whose participation in the community association improved after loan 68.2 percent of the total sample. And those respondents whose participation in community association is not improved are 31.2 percent.

The above cross tabulation shows that for majority of the respondents (76.7%) from the category of respondents whose income trend increase after loan also improve in their participation in the community. Whereas for majority of the respondents (75.0%) from the category of respondents

whose trend of income did not change also their participation in the community was not improved.

Generally from the above table we can conclude that there is association between the two variables means when the trend of income increase after loan, participation in community also increases for the sample of the study. In addition the value of chi-square which is 16.82 with assumption of significance 0.000 this tell us there is statistical significant association between the above two variables and this allows us to draw conclusion about the population from which the sample is drawn. The association observed between increased trend of income and improved participation after loan are the result of real association between increase income and participation in the population as a whole from which the sample is drawn.

Cramer's V (0.39) with assumption of significance 0.000 for the two variables tell us there is moderate association between the two variables and the direction of the association is positive which means when one variables increase the other variables also increases

When we examine the type's associations in which use participate, majority of the respondents (30.3%), from who answered yes, participate in youth association. This could be because the study was carried out on youth part of the clients of ADCSI. And those respondents who participate in women association followed. (Annex7, table A3)

5.5.4 Decisions Making Power Distribution in the House Hold

Decision making power distribution in the house hold was asked only for those respondents who are married in order to examine whether husbands or wives have more power to make decision on how to use the loan taken from ADCSI. This information gives highlight on the gender aspects of the clients of ADCSI in the house hold. The following table shows the distribution of decision making power in the house hold on the general aspects of house hold affaires.

The table below (5.14) indicates that 65.9 percent, out of total married respondents, husband and wife equally make decision in the house hold. Followed by, the decision made only by husband (15.9 percent out of total married respondent). Whereas decision made by mostly husband constitute 9 percent out of the total married respondents. On the other hand, decision made mostly and only by wives have equal share (4.5 percent out of the total married respondent).

Table 5-14: Frequency and Percentage Distribution of Respondents by Decision Making Power in the House hold

Decision making power holder in the house hold	Frequency	Percent
Husband only	7	15.9
Mostly husband	4	9
Wife only	2	4.5
Husband and wife equally	29	65.9
Mostly wife	2	4.5
Total	44	100

Similar distribution of data found for the respondents who are married on the decision of making power specifically on the loan taken from ADCSI. The majority of married respondents made a decision by agreement to take loan from ADCSI and to choose the type of business on which the borrowed money would be invested. (See Annex 7, table A1)

Generally, the majority of the married respondents decide to take loan through agreement between husband and wife. This is similar with making the general decision in the household.

5.6 Living Standard of Beneficiaries of ADCSI before and after Loan

There are different methods to measure an individual's and household's well-being in the literature, which is commonly known to be the "standard of living". Standard of living is affected by various factors such as income, ownership of dwelling, access to basic facilities, and area of residence (WB, 2007). Further, the standard of living is also used in developing countries to reflect specific form of commodity deprivation, particularly food insecurity (Ravallion, 1992). From this it is possible for this particular study for measuring the living standard of the respondents ownership of dwelling, access to basic facilities and consumption of food were examined before and after loan.

5.6.1 Respondents' Ownership of Dwelling and Access to Basic Service before and after Loan

Ownership of living household is basic component of life and whether respondents have their own dwelling or not is important in relation to living standard because owning dwelling is related with income of the respondents and had an impact on the living standard of the person.

Table 5-15: Frequency and Percentage Distribution of Respondents by Ownership of Dwelling Unit before and after Loan

Type of ownership of dwelling of respondents before loan	Frequency	Percent	Types of dwelling ownership after loan	Freq.	Percent
Private	31	28.4	Private	35	32.1
Rented from <i>kebeles</i>	18	16.5	Rented from <i>kebeles</i>	11	10.1
Rented from private owner	28	25.7	Rented from private owner	41	37.6
Rented from <i>kebeles</i> house owner	2	1.8	Rented from <i>Kebele</i> house owner	3	2.8
Youth living in their parent's house	24	22.0	Youth living in their parent's house	19	17.4
Respondents parent's house	6	5.5			
Total	109	100.0	Total	109	100.0

From the above table, it is possible to observe that before loan, 28.4 percent of the respondents have their own dwelling. This percentage implies that majority of the respondents did not have dwelling which is their own. Followed by, the respondents who rented house from private owner (25.7percent). Whereas the respondents who live with their parents hold the third rank (22 percent). Those respondents who rented the household from *kebeles* constitute 16.5 percent of the total sample and even there are respondents who rented *kebeles* house from previously rented

persons which constitute 1.8%. “Debal” or those people who live together to share the cost of rent, constitute 5.5 percent of the total population.

On the other hand, ownership of dwelling after loan for the same sample described as follow. In the same table, the majority of the respondents after loan live in the house rented from private owner (37.6 percent), followed by, respondents who have their own house (32.1%). Youth who live still with their parents ranked on the third level (17.4%). Whereas respondents who rented their house from *kebeles* constitute 10.1% of the total sample. The remaining 2.8 percent of the respondents rented house from those who rented the *kebeles* house previously.

Generally, based on the above table, (table 5.15), the respondents who live in rented house before and after loan were greater in number than to those respondents who own their own house. On the other hand the percentage of respondents who live with their parents decrease after loan.

In relation to dwelling in this section of the thesis respondents access to basic service such as; electricity, water, cooking fuel, and toilet were analyzed before and after loan since these variables measures the living standard of beneficiaries of microfinance institution in the study.

Table 5-16: Frequency and Percentage Distribution Respondent by Dwelling Type of Electricity Supply before and after Loan

Types of electricity supply before and after loan	Electric supply of dwelling before loan		Electric supply of dwelling after loan		Percentage change
	Frequency	Percent	Frequency	Percent	
No connection	11	10.1	3	2.8	-72.7
Shared connection	58	53.2	53	48.6	-8.6
Own connection	40	36.7	53	48.6	32.5
Total	109	100.0	109	100.0	

The above table shows that before loan the majority of respondents dwelling type of electric supply is shared connection (53.2%) this percentage decreased to 48.6 percent after loan. Followed by, those respondents who have their own connection (36.7%) and after the loan it increased to 48.7percent. And the remaining respondent dwelling did not have electric supply (10.1percent), but after loan the percentage decreased to 2.8.

Generally from the above table we can observe that number of respondents who did not use the service of electricity reduced after loan. In addition the percentage change shows that no connection has decreased by 72.7 percent after loan. From the percentage change we can clearly observe shared connection decline by 8.6 percent after loan. And own connection increased after loan by 32.5 percent. Above all the table shows that access to electricity service increased after loan.

5.6.1.1 Sources of Drinking Water before and after Loan of ADCSI

Access to quality sources of water is of paramount importance to human health which in turn affects the life of people to in relation to work. In addition, income of the people can directly affect the sources of water the people use; those who had a better income can also have better sources of water. Moreover quality sources of drinking water and living standard are related. The discussion below shows the sources of drinking water respondents had before and after loan.

Table 5-17: Frequency and Percentage Distribution of Respondents by Types of Sources of Drinking Water before and after Loan of ADCSI

Types of sources of drinking water Before and after loan	Before loan		after loan	
	Frequency	Percent	Frequency	Percentage
Rain water	1	0.9	-	-
River water	2	1.8	-	-
Piped private water	42	38.5	52	47.7
Piped public water	64	58.7	57	52.3
Total	109	100.0	109	100

The above table shows that the majority of the respondents used piped public water before and after loan, their percentage is 58.7 and 52.3 respectively. This shows that respondents who use piped public water decreased after loan. And those respondents who use piped private water before loan is 38.5 percent of the total sampled which increased to 47.7 percent after loan. On the other hand, those respondents who used rain and river water constitute 0.9 and 1.8 percent

respectively before loan; however, there is no respondent after loan that uses these sources of water. Generally we can conclude that all respondents use piped water after loan.

5.6.1.2 Access to Toilet Facilities before and after Loan

Access to appropriate toilet facilities are very important factor on the health of people and health status of the people has multidimensional role on living standard of individual as discussed in the conceptual framework part by influencing on daily activities of the people and by cost it incurred on the victims.

Table 5-18: Frequency and Percentage Distribution of Respondent’s Type of Toilet Facilities before and after Loan

Type of toilet facilities	Before loan		After loan	
	Frequency	Percent	Frequency	Percent
Bush , or no facility	1	0.9	-	-
Shared pit toilet	60	55.0	51	46.8
Own pit toilet	46	42.2	55	50.5
Public pit toilet	2	1.8	3	2.8
Total	109	100.0	109	100

Table 5.18 shows that majority of the respondents (55%) used shared pit toilet before becoming beneficiaries of ADCSI and this percentage decreased to 46.8 percent after loan. Whereas those who use their own toilet were 42.2 percent before getting loan services and increased to 50.5 percent after loan. On the other hand respondents who use public toilet were 1.8 percent before loan and it increased to 2.8 percent after loan. Before loan, there were respondents who did not

have toilet facilities (0.9 percent) but this percentage dwindle to zero after loan. Generally from the above table we can conclude that respondent's access to toilet facilities improved after loan.

5.6.1.3 Types of Cooking Facilities Respondents Use before and after Loan

Respondents types of cooking facilities are related with living standard since those respondents who use not modern source of cooking facilities could exposed to in door air pollution which can affect their productivity in their work. The following table discussed the types of cooking facilities respondents used before and after loan.

Table 5.19: Frequency and Percentage Distribution of Respondents by Types of Cooking Facilities They Use before and after Loan

Types of cooking facilities before and after loan	Sources of cooking facilities before loan		Sources of cooking facilities after loan	
	Frequency	Percent	Frequency	Percent
Collected wood	7	6.4	2	1.8
Purchased wood or charcoal	34	31.2	27	24.8
Kerosene	61	56.0	68	62.4
Electric power	7	6.4	12	11.0
Total	109	100.0	109	100.0

Table 5.19 shows that respondents who use collected wood as a fuel for cooking food before loan (6.4 percent) decreased to 1.8 percent after loan. Whereas those respondents who use purchased wood or charcoal decreased after loan from 31.2 percent to 24.8 percent. The majority of the respondent's (56%) before loan use kerosene as the sources of cooking food increased to 62.4 percent after using the services of ADCSI. There were only 6.4 percent of respondents who used

electricity as the source of power energy for cooking food and this increased to 11 percent after loan.

From the above we can conclude that traditional sources of energy for cooking food like wood and charcoal reduced after loan. Whereas using modern source of energy like kerosene increased after loan. This shows respondents after loan used modern and high cost material to cook food which is directly related to their income capacity to do so.

5.6.2 Respondents Number of Meals Consumed Per Day before and after Loan

Moreover living standard of the people also measured by their consumption of food and in this study young people who are clients of ADCSI asked about number times they eat food per day and their responses discussed in the following table.

Table 5.20: Frequency and Percentage Distribution of Respondents by Number of Meals Consumed Per Day before and after Loan

Number of meals per day before loan	Before loan		Number of meals per day after loan	After loan		Percentage change
	Frequency	Percent		Freq.	Percent	
One	1	0.9	One	2	1.8	100
Two	35	32.1	Two	20	18.3	-42
Three	42	38.5	Three	67	61.5	59.5
Four	1	0.9	Four	13	11.9	1200
As available	30	27.5	As available	7	6.4	-76.7
<i>Total</i>	<i>109</i>	<i>100.0</i>	<i>Total</i>	<i>109</i>	<i>100.0</i>	

From the above table, it is possible to observe 39.5percent of respondents before loan eat three times a day. Whereas, after loan, the percentage escalated 61.5 (these two percentages clearly

shows that respondents who eat food three times a day increase after loan in the sample of the survey). Respondents who eat two times a day before loan was 32.1 percent, but this percentage decrease after loan to (18.3%). Decrease in the percentage indicates that respondents numbers who eat two times a day before loan became smaller after loan. On the other hand respondents who eat food as available before loan constitute 27.5 percent out of the total sample. However, after loan, this percentage decrease to 6.4% which means uncertainty food consumption per day before loan reduces after loan. Those respondents who eat food one time a day constitute 0.9 percent out of total sample before loan and it become 1.8 percent after loan. The respondents who eat four times a day show increase in percentage from 0.9% before loan to 11.9 percent after loan.

Generally from the above table we can conclude that consumption of food per day improved after loan.

5.7 Employment Opportunities of Young People in Relation to Becoming Beneficiaries of ADCSI

Microfinance institutions that provide emergency loans, accessible and safe saving and insurance to client near poverty line help stabilize the income-generating activity of an enterprise.

As explained in conceptual framework youth employment promotes social integration, intergenerational dialogue, citizenship and solidarity. Therefore, Creating and fulfilling income generation job opportunities for young people can have direct positive consequences for poverty alleviation. Youth employment thus benefits social development. It also benefit economic development by facilitating the entry of young skilled people in to productive sectors of an economy, and enabling the economy to sustain or increase its productivity and competitiveness in

the global market place(Commission for Social Development, 2007:1). Microfinance contributes to employment and income stabilization; it mitigates risk and help to cope with vulnerability.). For every young person, a job offering decent work is an important step in completing the transition to adulthood, a milestone toward independence and self reliance. In addition for young people living in poverty and in other disadvantage situations, employment is a main means of attaining a better life (ILO, 2005)

5.7.1 Saving Habit of Respondents and Their Purpose of Saving before and after Loan

According to Rutherford as discussed in the conceptual framework (1999, cited in Mwaniki, 2006:16) access to more and better way of turning savings in to lump sums helps poor people from sliding deeper in to poverty and helps them lay foundation for their ambitions to better themselves and their families.

Table 5.21: Frequency and Percentage Distribution of the Respondents' Saving before and after Loan.

Before loan			After loan		
Do you save	Frequency	Percent	Do you save	Frequency	Percent
Yes	52	47.7	Yes	88	88.7
No	57	52.3	No	19	11.3
Total	109	100.0	Total	109	100

The above table shows that the majority of the respondents did not save before loan which constitutes 52.3 percent of the total sample of the survey. And the remaining 47.7 percent of the respondents have already started saving before loan.

Whereas after loan the same table shows majority of the respondents (88.7%) save .And the remaining 11.3 percent respondents did not save even after loan. This shows that the service of ADCSI improve the saving culture of respondents.

Purpose of saving is different from person to person and important for this specific study. Since the saving purpose of the respondent could has role on the employment opportunities of the beneficiaries and in their life as a whole for this reasons purpose of respondents' saving discussed as follow.

Table 5.22: Frequency and Percentage Distribution of the Respondents by Purpose of Saving before and after Loan

Purpose of saving	Before loan		After loan	
	Frequenc	Percent	Frequency	Percent
For educational expense	7	13.7	11	10
For health expense	3	5.9	3	2.7
For celebrating ceremony (wedding, funeral ,etc)	1	2.0	8	7.3
For starting business	29	56.9	20	18.3
For expanding the business	11	21.6	66	60.5
Total	51	100.0	56	100.0

Table 5.22 Shows the data for those respondents who save before and after starting using the service of ADCSI. Before loan, majority of the respondents (56.9%) save for the purpose of starting new business, followed by, respondents who save money for the purpose of expanding already existing business (21.6 percent). Respondents saving for educational purpose placed on

fourth level (13.7%). And the data from the above table also show 5.9 percent save for health expense. The remaining 2 percent of the respondents save for the purpose of celebrating ceremony like; wedding, funeral, and yearly traditional religious ceremony.

Generally table 5.22 shows that even before starting the services of credit and saving from ADCSI the majority of respondents save for business related activities either for expanding already existing business or for starting new business. Besides, the respondents save to improve the social aspects of their life.

On the other hand, from the same table it is possible to observe majority of the respondents after loan, (60.5%) save for expanding their business, followed by, respondents who save for the purpose of starting business (18.3%). Whereas saving for educational expense (10%) ranked thirdly. And the percentage of those respondents (3.6%) saves for health expense follow. Finally, those respondents saving for celebrating ceremony make up 7.3 percent out of the total population.

Generally from above tables (5.22), the majority of the respondents have saving culture at the time of survey. Nearest to half of the total sample started saving before loan and from the same table majority of the respondent's purposes of saving before loan were for starting business; whereas, purposes of saving for majority respondents after loan were for expanding business. Above all, the majority of the respondents after loan save for business related purpose and the above tables (table 5.21 and 5.22) clearly show that the services of ADCSI improve the saving habit of the respondents.

5.7.2 Employment Opportunities in Relation Business Created by Loan of ADCSI

Since this thesis focuses on the role of ADCSI in creating employment opportunities, discussing business related variables is very important. These related with whether respondents have their own business after loan or not, number of employee in respondents business center and association between different variable examined in this section. Besides, type of business in which respondents are engaged in, source of capital for the business, and number of family members in the business also will also be discussed.

5.7.2.1 Whether Respondents Started New Business or Not After Loan

Whether respondents started new business or not after loan directly relates with respondents opportunities of employment in relation to the service of ADCSI. Hence opening new business creates either self employment for the clients or hiring people for the business would create opportunities of employment for other.

According to table 5.23 majority of the respondent (70.6 percent out of total sample) opened their own business after becoming beneficiaries of ADCSI and the remaining 26.6 percent of the respondent did not open new business.

Table 5.23: Frequency and Percentage Distribution Respondent's Opportunities of Opening Their Own Business after Loan

Did you open new business after loan	Frequency	Percent
Yes	77	70.6
No	29	26.6
Total	106	97.2
Missing	3	2.8
Total	109	100.0

The above table(5.23) also indicates the service given by ADCSI create opportunities for the youth who use the service of ADCSI to start their own business which likely lead us to conclude the organization create sources of income for the owner of the business.

5.7.2.2 Relationship between Age of Respondents and Their Opportunities of Opening New Business after Loan

Since demographic characteristics have role in many aspects of respondents life. The following part would examine the association between age of respondents and whether the opened new business after loan

A closer examination of the individual cells in the cross tabulation (table5.24) provide us with more information about the association between age and opening new business after loan.

Table 5.24: Frequency and Percentage Distribution of Respondents' Age by Whether Respondents Open New Business after Loan

Whether respondents open new business		Age of respondents				
		18-20	21-23	24-26	27-29	Total total
Yes	Count		11	25	41	77
	Row %		14.3%	32.5%	53.2%	100%
	Column%		68.8%	75.8%	75.9%	72.6%
No	Count	3	5	8	13	29
	Row	10.3%	17.2%	27.6%	44.8%	100%
	Column%	100%	31.3%	24.2%	24.1%	27.4
Total	Count	3	16	33	54	106
	Row	2.8%	15.1%	31.1%	50.9%	100%
	Column%	100%	100%	100%	100%	100%

Chi-square value = 8.542 with assumption of significance 0.036 cramer's v = 0.284 with assumption of significance 0.036

It is possible to observe from the table that those respondents whose age is between 18 up to 20 did not open new business after loan and they constitute 10.3 percent out of total respondents who did not open new business. The first row shows that the percentage of each age range that opens new business after loan increases as the age of respondents increases. That is, the column percentage in the first row increased steadily from left to right. While 53.2% of 27 up to 30 age range respondents open new business more than the rest age range group in the same row is the exception. Whereas in the second row in which respondents did not open new business, the row

percentage decreased steadily from left to right along with observed age recoded increase. We can conclude from the above cross tabulation for this particular sample that the age of the respondents and the possibility opening new business associated as the age of respondent's increase the opportunities of opening new business after loan also increase. However; this association is not enough for drawing conclusion about the population whom the sample was drawn from. To find out whether the association between age and opening new business that is observed in the above cross tabulation actually represents a real association in the population the chi square tests enable us to make such a judgment.

Chi-square for two variables is 8.54 with degree of freedom is 3 and the exact probability of getting this pattern of cell frequencies by random chance alone is 0.036. From this we can conclude that there is a significant relationship between the above two variables. The cramer's V value of 0.284 indicates that this association is moderate

Furthermore, the majority of respondents' sources of capital for their businesses are loan from ADCSI (69.2 percent). This indicates the role of ADCSI in the business of the respondents is greater than other sources. Respondents own saving is the second sources of capital for business (23.4 percent). The remaining two sources, borrowing from formal sources like bank and borrowing from informal sources like money lender, together constitute less than ten percent which are 5.6 and 1.9 percent respectively (Annex7, tableA2).

In relation to opening new business or expanding already existing business creating opportunities for employee is also important for this study. And the following parts discussed about the employment opportunities create by the business of beneficiaries of microfinance.

Table 5.25. Frequency and Percentage Distribution of Respondents by Employment of Hired Labor

Employment of hired labor	Frequency	Percent
Yes	63	57.8
No	41	37.6
Total	104	95.4
Missing	5	4.6
Total	109	100.0

From table 5.25, it is possible to observe that majority of the respondents have employee in their business (57.8 percent), this means majority of the respondents are able to create employment opportunities in their business which based its capital on ADCSI loan. And the remaining 37.6 percent of the respondents do not have employee in their business which likely means the respondents work themselves, business work based on their relative and clients do not open business enterprise. Even though they did not hire any worker, the business creates employment opportunities for themselves.

Furthermore, majority of the business owner who hired worker have one employee in their business (18.3 percent), followed by, those who hired two workers in their business (16.5percent). And those business owners who hired three and four workers are 9.2 percent and (6.4%) respectively. Besides, those owners who hired five, six, eight, and nine workers in their business have equal share of percentages that is workers have equal percentage which is 1.8

percent. More over the largest number of employees hired by owners of the business, according to this thesis survey is nine (1.8% out of owners who hired workers in their business).

Generally from the above we can conclude that the loan services of ADCSI created employment opportunities for the people in the area of the study. This is strengthened by examine the association between increase trend of income after loan and whether respondents hired laborer or not.

The trend of respondents' income after loan would show how the credit and saving services change the income of the beneficiaries and in the following section whether respondents hired employee and trend of income after loan are cross tab for examine their association

From the below cross tabulation of respondent's trend of income and using hired labor the following is clearly observed. Out of total number of respondents whose trend of income decreased 50 percent of respondents have hired workers and the rest 50 percent do not hired employee. Whereas those respondents whose trend of income increased after becoming beneficiaries of ADCSI have used 65.1 percent of hired labor in their business this group create greater chance of employment opportunities than the other two category of respondent's trend of income.

Table 5.26: Frequency and Percentage Distribution of Trend of Respondents' Income after Loan Obtained From ADCSI by Whether the Beneficiaries Hired Employee in Their Business

Whether respondents employee hired labor		The trend of respondents income after becoming beneficiary's of ADCSI			Total
		Decrease	Increase	No change	
Yes	Count	3	54	7	64
	Column%	50.0%	65.1%	46.7%	61.5%
No	Count	3	29	8	40
	Column%	50.0%	34.9%	53.3%	38.5%
Total	Count	6	83	15	104
	Column%	100.0%	100.0%	100.0%	100.0%

While for those respondents whose income trend is not changed opportunities of using hired labor (46.7%) is less than (53.3%) of not using hired labor in the same group. Generally those respondents whose income trend increase there is more chance of using hired labor and we can conclude that for this particular sample 104 there is association between variable hiring employee and trend of income.

Furthermore, examining duration of time respondents elapsed as beneficiaries in ADCSI and using hired labor can give highlight on employment opportunities created as the result of the services provided by ADCSI.

Table 5.27: Frequency and Percentage Distribution of Duration of Membership of Respondents in ADCSI by Employment of Hired Labor

Employment of hired labor		Duration of membership of respondents in ADCSI in years						Total
		Two years Ago	Three years ago	Four years ago	Five years ago	Six years ago	Eight years ago	
Yes	Count	9	37	9	6	3		64
	Column %	31%	82.2%	56.3%	75%	75%		61.5%
No	Count	20	8	7	2	1	2	40
	Column %	69%	17.8%	43.8%	25%	25%	100%	38.5%
Total	Count	29	45	16	8	4	2	104
	Column %	100%	100%	100%	100%	100%	100%	100%
Pearson Chi-Square		23.84		Degree of freedom = 5		Assymp. Sig.= .000		

The above cross tabulation shows that there were nine respondents who joined ADCSI before two years and who used hired labor in their business or 31% of all respondents who joined ADCSI two years ago. While those respondents who joined ADCSI three years ago and used hired labor force in their business were 37 or 82.2% out of total respondents who joined ADCSI before three years. This is the largest percentage in the raw in which percentages express respondents used hired labor in their business. And column percentage in the raw of respondents used hired labor forces in their business decrease for those respondents who joined ADCSI four

years ago. Whereas for those respondents who joined using the services before five and six years ago the column percentage which expresses respondents using the hired labor in their business for their respective row is 75%. Generally the cross tabulation shows that out of total sample, in this case 104 respondents, 64 respondents used hired labor in their business. While 38.5% respondents of all 104 respondents do not used hired labor in their business. We can conclude that for this particular sample of 104 respondents there is an association between using hired labor and number of years ago respondents joined ADCSI. This is supported by Chi-Square as shown in the above table. The value of Chi-Square obtained is 23.843, degrees of freedom are 5, and exact significance of the chi square is 0.0005 this is below the standard indicator of a significant result ($\alpha=0.05$) which shows the existence of statistically significant relationship between using hired labor and number of years ago respondents joined ADCSI.

5.7.3 Family Labor Use in Business

In this section of the thesis the focus is on whether respondents use family labor or not in their business. This enables us to examine respondent's business creating employment opportunities for family members.

Table 5.28: Frequency and Percentage Distribution of Respondents by Whether Respondents use Family Labor in Their Business

Whether respondent use family labor	Frequency	Percent
Yes	70	64.2
No	33	30.3
Missing	6	5.5
Total	109	100.0

We can see clearly from table 5.28 that majority of the respondents (64.2 percent) use family labor in their business and the remaining 30.3 percent do not use family labor. The rest (5.5%) did not answer the question. Generally from the above table 5.27 youth clients of ADCSI create employment opportunities for their family's members even if they are either paid or not.

CHAPTER SIX

6. Qualitative Data Presentation

6.1 Case One

The first respondent was born in Addis Ababa and his family is from economically lower class of the society. He was attended elementary and high school education in Addis Ababa. He graduated from Kotebe College and had worked in elementary school. He was living with his family before loan because his monthly salary could not cover the expense of food and rental expense. The respondent did not get married up to the day of data collection and his age is 27. The major challenge of the respondent before becoming beneficiaries of ADCSI was shortage of capital which was needed for starting business. According to the respondent the stable income from governmental institution was not enough for thirty days ordinary personal expense this means saving was unthinkable.

Before becoming the beneficiaries of Addis Credit and Saving institution he was employed as a teacher in elementary school around “lamberet “. However the income from the governmental institution was not enough for his living expenses. Besides, since his family is from lower class of the society and in order to help them he needs to work in business sector, but he did not has capital to start any kind of business. These factors forced him to take a loan from Addis Credit and Saving Institution for starting the business.

He took the first loan in 1997 in Ethiopian calendar .At that time the maximum amount of money given by ADCSI for the first client was 3000 birr, but because of the election of 1997 the loan given to the first client escalated to 5000 without any reason. For the above reason the first respondent took 5000 birr. However, the amount of money he took from ADCSI could not enable him to start the business he wanted. Instead of starting the business with that small amount of money, he deposited the loan in the bank. And he tried to study; how to start the business, where to start the business, and what kind of business is profitable with small capital and how to get additional capital to start the business that needs large capital. After taking the loan he stayed three month without starting any kind of business. In all this time he has to repay the loan taken to ADCSI monthly and he use his salary from government organization to pay the credit and to cover his own living expense.

Finally by rearranging his business plan he started the business which needs around 2,000 birr capital. The sources of additional 2,000 birr were the following;

- A, from local money lender
- B, from relatives
- C, from friends

By the capital he was found from ADCSI and other additional sources the first business he started was “pool house “.When respondent entered in this business his work in governmental institution was not stopped. He employed one of his friends to work in the “pool house” with salary of 400 birr which was almost equivalent to the respondent salary in governmental institution and paid 800 birr for rented pool house.

This business became profitable more than the respondent expected for example in one day the average income of the pool house was 100 per day birr excluding the daily expense of the respondent such as expense for food, daily deposited for the payment of rent house which is used for the business and for replacement of different pool equipments which were broken during playing time. The profit from the "pool house" enabled the respondent to help his family, to bought housing furniture for himself and for his family, and repay the loan taken from ADCSI and from other sources. Moreover, the respondent finished all loan using the income of pool house and the income from government institution also covers personal expense even sometime it is used to repayment of the loan.

Although the profit from the business was good, the respondent did not use his maximum potential to develop it. Instead the respondent was tried to do many things at the same time such as continuing to work in elementary school with the salary of 690 birr which was equivalent to the seven days income for the pool house, and upgrading his education since the respondent was not in a position to handle all the activities in smooth way at the same time and some problems started to emerge like, the extreme fluctuation of income from the pool house lead to disagreement between the respondent and his employee, conflict between players because different reasons resulted damage on the playing equipment and created noise for the owner of the pool house which lead to chronic conflict between the owner of the house and the respondent. All these factors forced respondent to stop the pool business. Gradually the problems aggravated and lead the respondent to close the pool house.

Although the income of the respondent increased after becoming beneficiaries of ADCSI, his food intake habit was not changed. The reason of this according to the respondent was, additional income from the business was not aimed at changing food intake habit and living standard; however, it was for increasing capital by depositing additional income. Besides additional income used in order to expand or start new business. Moreover, the social life of the respondent was not changed as the result of increase in income.

The profit that was gained from the pool business enabled the respondent to carry out many things together. It changed the perception of respondent toward business and his ambition increase to expand the business types. Moreover, the respondent started to see the working plan of the business from different perspectives from the experience he gained from the first business. After stopping the pool business the respondent stayed one year without starting another business. Because firstly the capital he had was not enough for starting new business which is different from the previous one and for getting time to search additional capital for the new business.

For the second time the respondent started new business which need a capital of around 17,000 or more birr. The business was selling building material. The sources of capital for opening the contraction shop were profit gained from the pool house which is around 7,000 and credit from ADCSI for the second time which is around 10,000 birr. To borrow 10,000 birr from ADCSI there are requirements that have to be fulfilled by the respondents like; a person should have trading license and be repeated client. However, the respondent did not satisfy the two criteria. The strategy the respondent used to get the money was organizing people in his group who can

give the money borrowed from ADCSI for the purpose of his own business. Finally this method became successful and three of his friends gave him the loan they took which was around 3,500 birr. As the respondent said, when he used this kind of strategy, the credit officer also knew the secret, but by the time he took the money the credit officer asked 1,000 birr for his contribution in accelerating the loan process and for allowing the secret strategy. By assuming to reach greater position in the future by working hard the respondent gave the money for the credit officer and started the business.

During the second business, the respondent stopped helping his family because the respondent's main purpose was not helping his family but to accumulate the profit for making a good capital which enables him to be independent from credit.

According to the respondent, the income after becoming beneficiaries of ADCSI increased and mental satisfaction gained from opening personal organization also increased which could not be compared with the previous governmental income and satisfaction. And after becoming beneficiaries of ADCSI, the respondent acquired assets like housing furniture and materials in the shop. And he becomes independent from his family help.

The respondent started saving after becoming beneficiaries of ADCSI and he thought material that is found in the shop as a way of saving money and at the same time for attracting the clients. Besides, when the material is sold, there is a profit. There is no employee in the second organization since the previous employee created problems which accelerated the closing of the pool house. According working in your own organization is profitable in multidimensional ways

than employing another person to run the business. Generally according to the respondents ADCSI credit improve his life and enable him to open new business.

6.2 Case Two

The second respondent is male and his age is 29. He was born in Addis Ababa specifically in “*lamberet*” which is found in YEKA Sub city *Kebele* 16. Similar to the first respondent, the second respondent was from lower income family. His father died in 1985 due to this fact his mother was become responsible for taking care of the family. One year after the death his father, his sister died leaving her two daughters for her mother. In order to help his family the respondent started working when he was elementary school student. The respondent was not married before starting using the service of ADCSI. The religion of the respondent is orthodox and educationally he graduated in accounting from Unity University College in 2001 in Ethiopian calendar.

Before becoming beneficiaries of ADCSI, the respondent used to participate in different kinds of works such as polishing shoes, working any kind of jobs that are available, and loading and unloading materials on cars and from cars, but the income of these jobs were instable. According to the respondent’s expression he was engaged in different types of work before he obtained the loan from ADCSI and he was started working from the “scratch” means there was no any money in the respondent hand to involve in business activities. The profit he gained from the business used for helping his family. The average daily income of the respondent before loan was five or six birr. With this amount of money he tried to do many things like helping his mother and trying to create a job which can be stable source of income for him and his family. When there was no

job at all in some days for the respondent, his mother would cover every expense of him and the rest of the family members. This situation can be vice versa. But sometimes there were times when both bread winners become broke and consequently the whole family would be starved. This was the living standard of the respondent family before.

There was no stable income for the respondent and his family before loan. This created difficulty for the respondent's family stable food trend, to attend education for the respondent, his sisters, and his sister children. The families eat food as available, but it cannot be rated like three times a day or two times a day.

The major problem for the respondents before becoming beneficiaries of ADCSI were economical, which include lack of source of stable income, lack of capital for starting business and the majority members of the family were dependent on the income of the respondent and his mother. These problems had influence on the educational status of the family member and on social relationship of the respondent's mother.

The respondent did not remember the year in which he joined ADCSI. He was grade six students when he borrowed the first loan from ADCSI. He used the strategy of bringing people to borrow the money in their name for the respondent. One woman did this favour for him and he took a total of 2,200 birr. At that time the maximum amount of money given to the first time client was 1,600.

The purpose of the first loan was to sell grass chicken and egg by receiving from "elfora" company and providing for the customer on Saturdays and Sundays when the institution was closed, and for the respondent's and his families educational expense. The profit gained from

these two kinds of jobs was enough to cover his personal expense and different expense of his family. This changed the family's member's living standard such as their food intake rate, and attending educational. Moreover his mother stop working of washing cloth, preparing food etc in different house .The respondent said the credit from ADCSI is like oxygen to him to start business.

By wishing to change his life more than the above situation, he changed the type of business. And he opened tele center, computer typing and internet room. These jobs were profitable and the respondent continued in the business for one solid year. After one year different difficulties created on the business of tele center like public phone opened in front of his business center which reduce the income of the respondent because his customer used the public phone in order to reduce their expense. In addition to this difficulty according to him the tariff of telecommunication exceeded the income of the respondent from it. These factors forced the respondent to close the telephone service parts of the business. When he stop the business of tele center he lose a total of 10,000 birr which paid to telecommunication, according to the respondent this was the error of the reading computer or the fake by the employee of the institution. The respondent took the second loan in 1997 to expand the business of computer center and selling mobile card. The amount of the second loan was 14,000 birr which enable him to profit more than 80,000 birr by working different kinds of work in addition to the above type of business. However the robberies took the money from the respondent by broking the house of the business center this event discourage the respondent working equipment and cash which according to the respondent estimated to be around 70,000 birr. This situation decreases the interest of the

respondent to lives and to works in Ethiopia. He wished to go abroad and tried by different means, though it was not successful.

The credit officer in his service delivery posts and YEKA- sub branches manager to encourage the respondent gave him for the third time the loan which was 30,000 birr hence he loose the money by the robbery which was acquired through hard working.

Generally according to the respondent the credit given by ADCSI was enabling him to start work in business. In addition by using the credit the living standard of the family changed in many dimension for example; educational expense of his sisters and his sisters' daughter are covered still now from the respondent income. Besides all expense of his mother house also covered by his income. Moreover the respondent himself changed in many perspectives such as he bought living house, a car and gained stable income.

Above all the respondent said the service given by ADCSI develop him by rising from the dust which means at the beginning the respondent did not have any capital.

6.3 Case Three

The third respondent is male and his age is 27. He born in Addis Ababa in specific place called "kidane meret sefer" which found in *Kebele* 17. He is living with his family and still now he was not married.

Before becoming beneficiary of ADCSI the respondent did not have any kind of job which has stable income for him. According to the respondent the types of jobs he was working before loan can be any types which were available around main road which have income of any amount. By assuming the change that will comes one day the respondent works without selecting the types of jobs. The income of the respondent fluctuates every day and even it is possible to say I could not have an income at that time.

The respondent depend on his family for everything that are necessary for living such as for food, living room, for clothing and medication expense up the cycle of second loan.

The main problems of the respondents before taking credit was capital or there was no any money, this is considered as the main problem to him. This problem forced him to go to ADCSI to get the money and to begin the job.

By taking the first loan from ADCSI the respondent want to run business which cannot be said this type; however he used the money for another purpose which is personal problems. And for one year the respondent continued jobs which were similar to the period before the loan. The big things that differentiate from the previous one were to pay the loan taken from ADCSI the respondent work harder and save the income. After one year he finished the loan he had taken and started the process to take the second loan.

The respondent took the second loan which was 5,000 birr for opening pool house and started his work in his family house which found along with the main road in kotebe. He is paying the house

rent for his family. At the time he started the business everything not happen as he expected. However according to the respondent sitting without working itself is a disease and discourages working hard. The better solution has to be working hard without thinking or calculating the profit or the loose of the jobs. The respondent believe in struggling with the business will lead his life to change and the main thing to become successful in business is planning.

The income of the respondent from the job increased after becoming beneficiaries of ADCSI especially during the second loan. However the respondent said the loan does not change his life as he think. By perceptions of the respondent changing life of individual means becoming independent from the family, forming his family, constructing a house and having a good capital. In regarded to asset the respondent did not have any unique asset except the equipment in the pool house. And food habit of respondent not changed. He eats as the family provide. He did not help his family, but he saved to increase the capital for expanding the business and for personal emergency purpose.

Generally respondent said the service from ADCSI did contribute for starting the pool house. However he cannot say this or that change is as the result of the loan. The respondent said to see change it takes several years.

6.4 Case Four

The respondent four, who is female, lives in Kebele 13 in which the second largest open market in Addis Ababa found. Before becoming beneficiaries of ADCSI, the respondent had born and

lived in “*gulele sefer*” which is found in Addis Ababa. Her religion is protestant. She was married and has two children during that time every expense of her family covered by her husband. But because of many reasons the marriage divorced and created very great gap in relation to the source of income. The divorce leads to the division of material and even children between husband and wife. The above factors create very great problem to the respondent and lead her to back to her lower income family.

The main problem for the respondent before becoming beneficiaries of ADCSI was economical which was aggravated by divorce of the marriage.

As explained above the respondent was unemployed before becoming beneficiaries of ADCSI. This was the main reason for respondent to returns to her family after divorce for getting economical support for her and her child.

When she searches mechanism to support her family “X” Nongovernmental organization took her as beneficiaries and gave her different kinds of aid which enable her to cover food expense when living with her family after divorce. Finally the Non Governmental Organization by stopping the aid gave her the land on which she can work to enable her to become self dependent .But the respondent does not have any capital to start any kind of work this forced her to take loan form ADCSI. Since her land given by the organization found in *Kebele* 13 she took the loan from ADCSI service delivering posts that found in this *Kebele* during 1997. The amount of loan the respondent took at that year was 3,000 birr and the purpose of the loan was to open shop for

selling spice which used for food. She worked this job for two year, but lack of market resulted in loss of capital and forced the respondent to close the shop.

The respondent took the second round loan for the above job, but the same reason which was the lack of market forced the respondent to change the kind of jobs to music shop. This work also did not have good income as the result the respondent stop working and rented the shop for another person. Two loan created temporary fluctuated income for the respondent and did not has any significant change in her life but it create experience in relation to saving culture.

Because of many encouragements given by the credit officer of ADCSI to the respondent .She took the third loan and started the business of food selling which prepared for lower income group of people. This job creates a good profit for her and she employed one worker to help her. The income of the respondent from the business increases in a stable manner during the third loan. Up to the day of the interview the respondent working on the selling of food.

In relation to food habit the respondent did not has any specific pattern. The saving culture of the respondent started after becoming beneficiaries of ADCSI forcefully by ADCSI. Besides respondent has “*iqub*” which is also one type of tradition saving mechanism in Ethiopia. She saves for improving and expanding her business. Even though selling the food has good profit; the respondent need to change it when her capital enable to open another profitable jobs.

The business enables her to cover the expense of renting the living room and food. Generally the services of ADCSI create the opportunities to become self dependent for every expense for herself and for her child.

The asset respondent gained after loan was only the equipments which are found in her cafeteria. Before the loan the respondent did not has any kind of asset because the divorce resulted her to loss all kind of assets which acquired during marriage.

According to respondent services given by ADCSI improves the economic situation and many things in her life. She has become self dependent after the service of ADCSI. Besides she become self employed and get stable income. Moreover she creates employment opportunities for one person. Above all according to the respondent the service changed her life totally from being dependent on her parents to become independent.

6.5 Case Five

The fifth respondent, who is female, live in *Kebele* 12 with her family after completing her high school education. She participated in women association in the above *Kebele* without salary in the position of chief executive of the women association. During 1992 she married with the person who has been working in the Federal military and hence the government gave the living house to people who work in the military in the place what is known as "signal" which found in *kebeles* 13/14 she also moved with her husband to this compound. Starting from this time the respondent participates in different activities in the *Kebele*.

To support her husband the respondent had started selling cosmetics and cloths in different organization such as; *kebeles*, banks, NGO and private organization. The job was profitable,

though its income rate was not constant. During this time ADCSI need commission worker for whom the employer institution did not pay monthly salary, but the employees have identification card and their function was motivating the clients to repay their loan. And the employees got three percent of one client repayment. The respondent got that job from ADCSI

Working those jobs she organized in group and got working place which was previously used for throwing garbage. After taking the place for working the government asked respondent to pay the "lize" for the place they hold. Besides to build the house for the business the respondent does not have the money. In order to cover the above expense the respondent took the loan which was 3,000 birr from ADCSI. For above reasons first loan from ADCSI did not have any significant role in her life except creating good environment for opening shop.

The respondent opened clothing shop by taking second round loan and with the help of her brother. In addition to the shop the respondent continued distribution of cosmetic and clothes in different organization by employing a person for running the shop. These businesses had a good profit and enabled respondent to get sustainable income and to help her husband's in terms of covering parts of house hold expense.

Along with the above personal business the respondent continued Working in ADCSI by being permanent employee in position of credit officer in 1997. However the income of the business was twice more than the salary given by the institution. When she become permanent employee of ADCSI; the cloth shop which was her own property changed and became for share with the person who was employed.

ADCSI work nature attracted the respondent very much and concentrated her potential on the institution work which involves filed work in the morning and office work in the afternoon.

The devotion of all her time to institution has impact on her personal business. And the share holder not telling her the true income of the shop and started to do his own business without informing her. These things lead the respondent to close the shop for half a year.

By taking third round loan the respondent restarted the shop as share with her sister. And this business has good profit than the first two businesses. The respondent and her husband have a good saving culture. Both of them have saving account in ADCSI. Whereas the respondent husbands' is cigarette smoker and by the advice of his wife started to save the coin which returned from the cigarette and these cents become large capital. Generally the loan service given by the institution changed her life in many perspectives and also changed their perception for saving.

6.6 Case Six

The sixth respondent, who is female, and is living in kebeles 13. Her religion is orthodox and she is married. She took the loan before three years and started to work on the stationary equipment in front of the kebeles13/14 administration.

She did not have any kind of job before becoming beneficiaries of ADCSI and before loan she was housewife at that time .She obtained the income for the house hold expense from her

husband. The respondent could not do any things without the permission of her husband before loan since she did not has her own income and as the result respondent has not saving culture.

The main problem before becoming beneficiaries of ADCSI was the lack of jobs which can be the source of income for her. Lack of job forced her to stay in her home and resulted discouragement on her motivation to work productive jobs.

Before loan every things which needed for the family covered by the husband and the living standard was as similar to lower income part of the society.

The business she started after loan was stationary which has a good profit this in average 70 birr per day, but the work of the stationary was share based as the result the profit also divided equally between the share holders.

The income for the respondent changed many aspects of life such as; she can go anywhere and to the business shop without the permission of her husband, she work up to late night, and she participate in many association in her kebeles. As the result her confidence for participate in income generating works increase.

Chapter Seven

7. Summery and Conclusion

7.1 Summary

In this part of the paper key findings of the study have been discussed. The goal of this study was to investigate the role of microfinance in enhancing youth employment opportunities and the resulting benefits of microfinance services on economic, social and living standard of youth in Addis Ababa. Hence research tried to assess the previous employment status of youth before they become beneficiaries of ADCSI, examine social, economic, living standard benefits of microfinance to youth and investigate youth employment opportunities created by services of ADCSI.

In order to accomplish these tasks, the study has employed primary sources of data. Primary data needed for the study were collected through two methods, quantitative and qualitative. Quantitative data were collected by using sample survey with approximating longitudinal design which allows to deals with change over time, the sampling design used was purposive sampling and questionnaires used as survey instrument. On the other hand, qualitative data were collected through key informants' interview that was presented as case study. Accordingly the major findings summarize below.

The findings about demographic characteristics of youth clients of ADCSI using the questionnaires shows that majority of the respondents in this particular sample survey are

between the age of 27 to the age of 29, male respondents (55.0%) slightly greater than female and majority of the respondents (54.1%) belong to Amhara ethnic group and followed by Oromo (19.3 %) and Gurage (13.8%). out of the total sample. In addition majority respondents are: unmarried (56.0%), follower of orthodox religion (73.4%) and grades 10-12 (35.8%).

In addition the analysis of data from the survey indicates majority parts (which include unemployed after leaving school, house wife, working on the unpaid family business and students) ,daily wage laborers and house maid constitute greater percentage (66.9%percent of the total sample) than trader and government employed who constitute 32.8% of the total sample.

As to general back ground information of respondents in the sample in relation to ADCSI services the finding indicates that the respondents who joined the service of ADCSI three years and above together is (71.5%) this outnumbered those who joined using the service before two years (28.4%). The amount of loan most of respondents took from ADCSI was below 3000 birr which constitute 71.5 percent.

The findings of this research shows that the major source of the respondent's income after joining ADCSI is self employment (87.2 percent out of total sample) when we compared to only 50.5 percent before they become beneficiaries. On the other hand, the trend of income for majority of respondents after loan increased (78.9%). Whereas, the second largest numbers of respondents 16(14.7 percent of the total sample) said their income had shown no change. When we examine the reasons of respondents increasing trend of income were like expanding existing enterprise

(27.5%) by the loan from ADCSI, starting new business (19.3%) by the loan provided by ADCSI and getting job.

In relation to social benefits, after loan the educational status of most of the respondents (52.3 percent of the total sample) increased, 38.5 percent of the respondents said their educational status is not changed even after the loan and the remaining 9.3 percent said decreased. Besides further investigation education in relation other variables shows that variables sex and trend of education after loan were associated. And trend of education status increased more for male respondents than for female respondent. Regarding health, most of the respondents (75.0 percent of the total sample) health facility use is improved after becoming beneficiaries of ADCSI. But 24.8 percent of respondent's medical service using trend is not improved. Moreover, there is association between two variables, that is, when the trend of income increase, the use of improved health service also increases. This is reinforced by chi-square value 28.8 with assumption of significance 0.000 which shows the significance relationship between the above two variables. And respondents using health service improved for most of the respondents (66.1%) after loan since access to loan from ADCSI improve their income. Furthermore, there is association between participation in the community and increase in trend of income, means when the trend of income increase after loan, participation in community also increases for the sample of the study. In addition the value of chi-square which is 16.82 with assumption of significance 0.000 this tell us there is statistical significant association between these above two variables and this allows us to draw conclusion about the population from which the sample is drawn.

As was explained in the analysis section, most of respondent's dwellings are rented before and after loan. On the other hand, the percentage of respondents who had lived with their parents decreased after loan. In relation to living standard, the consumption of food by respondents improved after loan this is indicated in the percentage change, that is, those respondents who eat three times a day has 59.5 percentage change where as those respondents who eat as available has negative 76.7 percentage change. Two percentage changes of respondents tell us that number of the respondents who eat three times a day increased after loan whereas respondent's who eat as available decreased after loan since the percentage change is negative. On the other hand respondent's dwelling access to basic electricity before and after loan shows that respondents who did not use the service of electricity before loan reduced after loan this clearly reflected in negative percentage change(no connection reduced by 72.7 percent) while owned connection respondent increased by 32.5 percent after loan. In relation to access to drinking water all respondents after loan used piped water. Whereas, using modern cooking facilities like kerosene increased after loan while decrease in using collected wood and purchased wood.

In relation to employment opportunities as explained in the analysis part majority of the respondents did not save before loan which constitutes 52.3 percent of the total sample of the survey but the remaining 47.7 percent of the respondents have already started saving. Whereas after loan majority of the respondents (88.7%) save and the remaining 11.3 percent respondents did not save. Besides majority of the respondents (70.6%) open their own business after becoming clients of ADCSI. And the cross tabulation and chi-square indicates there is the association between age of respondents and opening new business after becoming clients of ADCSI. As the age of respondent increase their opening new businesses also increase. For the

majority of the respondents (67.9%) Source of capital for their business after being clients of ADCSI was borrowing from ADCSI. This indicates the role of ADCSI in enhancing youth employment. In addition according to cross tabulation indicate there is association between increasing trends of income and using hired labor in their business. As the income of the respondents increase there is also increase in using hired labor in the business of respondents. Most of respondents (57.8%) have hired laborer in their business and majority of them employed one worker. As established in the analysis there is association between using hired labor and number of years ago respondents joined ADCSI. The association also supported by chi-square test .Furthermore, majority of the respondents (64.2%) used family labor in their business. All respondents in the case study said the using the service of ADCSI improve their life.

7.2 Conclusion

It can be noticed from overall analysis on the role of microfinance in enhancing youth employment opportunities. Majority of respondent's occupational status before loan was unemployed: daily wage laborer, student, housewife and housemaid but after becoming beneficiaries of microfinance majority of the respondents become engaged in their own business.

According to the analysis most of youth clients of ADCSI economic condition improved after loan which can be expressed in terms of increase in trend of income for majority respondents (78.9%) out of the total and the trend respondents' income varied with marital status for the sample. In addition respondent's educational opportunities, using health services and participation in community association improved after loan these categorized under social

benefits. Besides respondent's access to basic services and food consumption per day also increased which shows the improvement in living standard. In relation to social benefits the trend of income of respondents has positive impact on health and participation in the community for the specific sample in this study as well as for the population from which the sample was drawn. Furthermore respondents' access to basic services and food consumption per day increase after loan

Employment opportunities of most respondents 70.6 percents out of the total sample open new business after loan. And age of respondents and opening new business after loan associated, when the age of respondents increase their opening business also increase for sample as well as for population from which the sample is drawn. This indicates the role of ADCSI in enhancing youth employment opportunities for youth clients. Besides sources of capital for those respondents who own their own business after loan is borrowing from ADCSI this also reinforce the role of microfinance in enhancing youth employment opportunities. Using hired labor is associated with increase trend of income that is as the income trend of respondents increased their using hired labor in their business also increase. This also tells us the role of microfinance in creating youth employment. Analysis also indicate that majority of the respondents used hired and family labor in their business these shows the role of ADCSI in creating job opportunities for people other than clients. The cross tabulation of variable using employee and number of years ago respondents joined ADCSI established association between the two. As the number of years ago respondents joined ADCSI increased there is also an increase in using hired labor in their business. This is supported by the value of chi-square obtained 23.843, degree of freedom 5 and

significant at 0.0005, which shows the existence of a statistically significant relationship between the two variables.

Above all, the study has confirmed that microfinance services have a positive role and have changed the life of the respondents economically, socially, in terms of living standards and in creating employment opportunities.

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Annex 1: Research Questionnaires

Research Questionnaires
Addis Ababa University
School of Graduate Studies
Department of Sociology

This questionnaire is designed to obtain information about the role of microfinance in enhancing Youth employment opportunities, the case of Addis Credit and Saving Institution in YEKA- Sub City. The information you are going to provide will be used purely for academic purpose. Therefore, you are kindly requested to give genuine response.

Thank you in advance for your cooperation

Part One: Identification

1. Questionnaire ID. No.....
2. Residences' kebele.....
 1. Kebele 13
 2. Kebele 14
 3. Kebele 16
 4. Kebele 17

Part Two: Demographic characteristics

3. Sex
 1. Male
 2. Female
4. Age.....
5. Marital Status.....
 1. Unmarried
 2. Married
 3. Divorced/separated
 4. Widower/ed
6. Educational Status.....
 1. Illiterate
 2. Read only
 3. Read and write
 4. Primary and first cycle incomplete
 5. Primary and first cycle complete
 6. Primary and second cycle incomplete

- 7. Primary and second cycle complete
- 8. General secondary school incomplete
- 9. General secondary school complete
- 10. Preparatory incomplete
- 11. Preparatory complete
- 12. Vocational technical
- 13. College diploma
- 14. . If any other, please specify

7. Ethnicity.....

1. Amahara	2.Oromo	3. Tigrae
4. Gurage	5. Agew	6.Seliti
7. If any other, please specify		

8. Religion.....

1. Orthodox	2. Protestant	5.Jova witness
3. Catholic	4.Muslim	6. If any other, please specify

Part Three: Employment status of youth before access to credit and saving service from ADCSI

9. What was your occupation immediately before you joined ADCSI?

- 1. Unemployed /after leaving school/
- 3 Daily wage laborer
- 4 Working on unpaid family business
- 5 House wife
- 6 Housemaid
- 7. Student
- 9. Trader
- 10. Government employed
- 11. If any other, please specify

Part Four
Back Ground Information about Beneficiaries of Microfinance, Which Related To Loan-

10 When was you joined ADCSI?

1. 2 years ago
2. 3 years ago
3. 4 years ago
4. 5 years ago

- 5.6 years ago
- 6.7 years ago
- 7.8 years ago
7. If any other, please specify

11. What was the amount of your start up loan from ADCSI?

1. 1-5000
2. 1501-3000
3. 3000-5000
4. 4501-6000
5. If any other, please specify

12. What was the type of loan?.....

1. Micro business loan
2. A small business loan
3. Micro lease loan
4. Housing loan
5. Consumer loan
6. Short term loan

Loan History

Loan provided form ADCSI	Q. 13 when was the year of	Q. 14 The purpose of
Loan 1		
Loan 2		
Loan 3		
Loan 4		
Loan 5		
Loan 6		
Loan 7		
Loan 8		
Loan 9		
Loan 10		

Code for Q. 13

- | | |
|-----------------|------------------|
| 1. Loan1, 1992 | 6. Loan6, 1997 |
| 2. Loan 2, 1993 | 7.Loan 7,1998 |
| 3. Loan 3, 1994 | 8. Loan 8,1999 |
| 4. Loan4, 1995 | 9. Loan 9,2000 |
| 5. Loan5, 1996 | 10. Loan 10,2001 |

Code for Q. 14

1. Agriculture(fattening, bee keeping, horticulture, polluters, purchase of agriculture inputs)
2. Purchase of transport animal to start in business
3. Weaving and tailoring
4. To start business in metal and wood work
5. For food processing business
6. To start business in production of constriction inputs
7. Setting other debts
8. For educational expense
9. For health expense
10. If any other, please specify

Part 5 Economic Benefits related information.

15.What was the major source of your income before becoming ADCSI beneficiaries'?....

- | | | |
|--------------|--------------------------|---------------------------------|
| 1. Parents | 4. Personal business | 6. If any other, please specify |
| 2. Relatives | 5. Government employment | |
| 3. Friends | 6. Husband | |

16. What was the major source of your income after joining ADCSI?

1. Self employment
2. Working in cooperatives
3. Urban agriculture
4. If any other, please specify

17. Does your income after becoming beneficiaries of ADCSI has been :.....

- | | |
|--------------|---------------------------------|
| 1. Decrease | 3. Not changed |
| 2. Increased | 4. If any other, please Specify |

18. If your income has been decreasing what is the reason(s)?.....

- 1. Expense for health
- 2. Poor market price
- 3. Lower agricultural production
- 4. Lack of market
- 5. If any other, please specify

19. If your income has increased, what is the major reason?

- 1. Access to market
- 2. Getting job
- 3. Starting new business
- 4. Expanding existing enterprise
- 5. Found from relative
- 6. If any other, please specify

20. How much is your average monthly gross income currently?.....

- 1. 1-300
- 2. 301-600
- 3. 601-900
- 4. 901-1200
- 5. If any other, please specify

21. Do you have land?

- 1. Yes
- 2. No

Part6 Social Benefits Related Information

22. Does your access of education after loan?

- 1. Increased
- 2. Decreased
- 3. Remained the same?
- 4. If any other, please specify

23. If your answer for Q. 25 is increased why?

- 1. Access to new schools built in area
- 2. Income improvement, since I am employed
- 3. Increase awareness towards education
- 4. If any others, please specify

24. If your answer for Q. 23 is decreased, what is the reason for your?

- 1. Lack of income for tuition fee
- 2. Lack of access to school in the area even if my income is improved
- 3. Lack of interest to attend school
- 4. Lack of spare time for education, since I am engaged in business or non business activities

33. Who makes decision to take loan and use loan in your household?

- 1. Husband only
- 2. Wife only
- 3. Husband with wife
- 4. If any other, please specify

34. Who makes decision to buy inputs and sell agricultural and business product?

- 1. Husband only
- 2. Wife only
- 3. Husband with wife
- 4. If any other, please specify

Part 7 Living Standard Related Information

35. What is the type of ownership the dwelling in which you are living before?

- 1. Rented (private)
- 2. Rented from kebeles
- 3. Rented from private owner
- 4. Rented from kebele house owner
- 5. Debal
- 6. Your parent's house
- 7. If any other, please specify

36. What is the type of ownership the dwelling in which you are living after?

- 1. Private
- 2. Rented from kebeles
- 3. Rented from private owner
- 4. Rented from kebele house owner
- 5. Debal
- 6. Your parent's house
- 7. If any other, please specify

37. How many rooms' does your dwelling before loan have?

- 1. One room
- 2. Two rooms
- 3. Three rooms
- 4. Four rooms
- 5. Five rooms
- 6. More than five rooms

38. How many rooms' does your dwelling before loan have?

- 1. One room
- 2. Two rooms
- 3. Three rooms
- 4. Four rooms
- 5. Five rooms
- 6. More than five rooms

39. What type of roofing material used in the main house before loan?

- 1. Iron sheet
- 2. Stone
- 3. Plastic
- 4. Plastic
- 5. Grass

3. Concrete
6. If any other, please specify
40. What type of roofing material used in the main house after loan?
1. Iron sheet 4. Plastic
2. Stone 5. Grass
3. Concrete 6. If any other, please specify
41. What type of exterior walls does the dwelling have before loan?
1. Mud walls 4. Blocket
2. Iron sheets 5. Stone
3. Timber 6. If any other, please specify
42. What type of exterior walls does the dwelling have after loan?
1. Mud walls 4. Brocket
2. Iron sheets 5. Stone
3. Timber 6. If any other, please specify
43. What is the electricity supply of your dwelling before loan?.....
1. No connection
2. Shared connection
3. Own connection
44. What kind of cooking fuel source is primarily used before loan?
1. Collected wood 5. Electricity
2. Purchased wood
3. Kerosene 6. If any other, please specify
45. What kind of cooking fuel source is primarily used after loan?.....
1. Collected wood 4. Electricity
2. Purchased wood 5. If any other, please specify
3. Kerosene
46. What is the source of drinking water before loan?.....
1. Rain water 4. Piped public water
2. Lake or river 5. If any other, please specify
47. What is the source of drinking water after loan?
1. Rain water 4. Piped public water

- 2. Lake or river
- 3. Piped private

5. If any other, please specify

48. What is the type of toilette facility is available before loan?

- 1. Bush, or no facility
- 2. Shared pit toilet
- 3. Own pit toilet
- 4. Public pit toilet
- 5. If any other, please specify

49. What is the type of toilette facility is available after loan?

- 1. Bush, or no facility
- 2. Shared pit toilet
- 3. Own pit toilet
- 4. Public pit toilet
- 5. If any other, please specify

50. What is the type of bathing facility before loan?

- 1. No bathing facility
- 2. Shower private
- 3. Shower (shared)
- 4. If any other, please Specify

51. What is the type of bathing facility after loan?

- 1. No bathing facility
- 2. Shower private
- 3. Shower (shared)
- 4. If any other, please Specify

52. What is the number of meals a day before becoming ADCSI beneficiary?

- 1. One
- 2. Two
- 3. Three
- 4. Four
- 5. Five
- 6. If any other, please specify

53. What is the number of meals a day after becoming ADCSI beneficiary?

- 1. One
- 2. Two
- 3. Three
- 4. Four
- 5. Five
- 6. Other specify

54. What is weekly intake of meat or luxury food before taking loan from ADCSI?

- 1. One
- 2. Two
- 3. Three
- 4. Four
- 5. Five
- 6. Six
- 7. Seven

55. What is weekly intake of meat or luxury food after joining ADCSI?

- | | | |
|----------|---------|----------|
| 1. One | 4. Four | 7. Seven |
| 2. Two | 5. Five | |
| 3. Three | 6. Six | |

Part8 Employment Opportunities Indicators

56. Do you save before becoming beneficiary?

1. Yes 2. No

57. If your answer for Q. 50 is "yes", to what purpose did you save?

1. for educational expense

2. for health expense

3. for celebrating ceremony (Wedding, funeral, graduation etc)

4. for starting business

5. If any other, please specify

58. Do you save after joining ADCSI?

1. Yes 2. No

59. If your answer for Q. 58 is yes, what is the purpose of saving?

1. for educational expense

2. for health expense

3. for celebrating (wedding, funeral etc)

4. for starting business

5. for expanding enterprise

6. If any other, please specify

60. Do you open new business after becoming beneficiaries of ADCSI?

1. Yes 2. No

61 If your answer to Q. is yes, which type of business do you own?

1. Wood work	6. Urban agriculture	11. Kerenbula and pool house
2. Textile work	7. Shoe polish and rapier	12. DSTV house
3. Food processing	8. Beauty salon	13. Animal food production
4. Cafeteria services	9. General consumer shop	14. Gift equipment shop
5. Sale of fruit and vegetable	10. Music and photo shop	15. Construction material
		16. Computer college

1. Yes 2. No

69. Have you used family labor in your business?

1. Yes 2. No

71. If your answer for Q. 69 is "yes", what is their number?

1. 1 4.4 7. If any other, please specify
2. 2 5. 5
3. 3 6. 6

72. Do you think that your income has improved due to improvement in job opportunities due to loan from ADCSI?
1. Yes 2. No

Annex 2: Key Informant Interview Guide

Key Informants Interview Staff of ADCSI

- 1. What is the position you have in ADCSI?
- 2. What is the history of ADCSI?
- 3. How many kebeles are beneficiaries of ADCSI in YEKA- sub city?
- 4. When was the year at which ADCSI started to give service?
- 5. In which Sub-City ADCSI introduce the service for the first time?
- 6. Is there any non financial service given by ADCSI?
- 7. What unique things found in YEKA -sub city which different from other sub city?
- 8. Is there any special emphasis given by ADCSI to young people?

Key Informants Interview for kebele official

1. What is the history of your kebele?
2. What are the unique things found in each your kebele in relation to ADCSI?
3. What are the general situation of youth in your kebele?

Annex 3: Case Study Guide for Youth Beneficiaries

1. Name of Respondent
2. What is your life history?
3. What is your employment status before becoming beneficiary of microfinance?
4. What was your most challenging problem before becoming beneficiaries of ADCSI?
5. Does ADCSI change your economic, social and living standard?
6. What is your employment opportunity after loan?
7. Do you think that your life changed after taking loan?

ANNEX 4: Distribution of Urban Population by Sex and Region

Region	Both Sexes		Male		Female		Sex Ratio
	No	%	No	%	No	%	
Country Total	1,001,4960	100.0	466,1695	46.5	5,353,265	53.5	87.1
Tigray	803,607	100.0	364,752	45.4	438,855	54.6	83.1
Afar	83,716	100.0	39,741	47.5	43,975	52.5	90.4
Amhara	1,974,703	100.0	885,666	44.9	1,089,037	55.1	81.3
Oromia	3,017,376	100.0	1,437,777	47.6	1,579,599	52.4	91
Somali	278,351	100.0	140,655	50.5	137,696	49.5	102.1
Benshangul-Gumuz	99,699	100.0	47,647	47.8	52,052	52.2	91.5
S.N.N.P.	1,309,082	100.0	628,571	48	680,511	52	92.4
Gambella	58,859	100.0	28,762	48.9	30,097	51.1	95.6
Harari	77,225	100.0	36,422	47.2	40,803	52.8	89.3
Addis Ababa city Admin.	2,109,127	100.0	956,621	45.4	1,152,506	54.6	83
Dire Dawa Administrate	203,216	100.0	95,081	46.8	108,135	53.2	87.9

Adapted from CSA 2006

Annex 5: Distribution of Urban Population by Age Group and Sex,

Age Group	Both Sexes		Male		Female	
	No	%	No	%	No	%
All Ages	10,014,959	100.0	4,661,693	100.0	5,353,266	100.0
0 – 4	1,005,878	10.0	500,759	10.7	505,119	9.4
5-9	1,146,344	11.4	569,446	12.2	576,898	10.8
10-14	1,223,436	12.2	568,802	12.2	654,634	12.2
15 – 19	1,520,113	15.2	655,374	14.1	864,739	16.2
20 – 24	1,189,287	11.9	543,426	11.7	645,861	12.1
25 – 29	989,934	9.9	460,264	9.9	529,670	9.9
30 – 34	619,195	6.2	313,061	6.7	306,134	5.7
35 – 39	558,961	5.6	251,320	5.4	307,641	5.7
40 – 44	400,249	4.0	192,267	4.1	207,982	3.9
45 – 49	353,653	3.5	155,435	3.3	198,218	3.7
50 – 54	256,615	2.6	110,024	2.4	146,591	2.7
55 – 59	197,820	2.0	93,954	2.0	103,866	1.9
60 – 64	177,233	1.8	78,621	1.7	98,612	1.8
65+	376, 241	3.8	168,940	3.6	207,301	3.9

Adapted From CSA 2008

Annex 6: Distribution of Addis Ababa Population by Age group and Sex, 2008

Age group	Both Sexes	Male	Female
Total	2,738,248	1,304,518	1,433,730
Under 1	36,443	18,506	17,937
1-4	159,489	81,155	78,334
5-9	209,532	101,651	107,881
10-14	250,769	109,266	141,503
15-19	386,363	153,352	233,011
20-24	405,134	184,341	220,793
25-29	371,904	179,963	191,941
30-34	232,962	126,147	106,815
35-39	189,136	98,140	90,996
40-44	119,897	65,746	54,151
45-49	102,051	50,974	51,077
50-54	80,556	38,892	41,664
55-59	55,134	28,187	26,947
60-64	47,418	23,863	23,555
65-69	34,684	17,807	16,877
70-74	26,399	12,639	13,889
75+	30,377	13,889	16,488

Adapted From CSA 2008

Annex 7: Frequency and Percentage of Tables of Analysis Part

Table A.1 Decisions making power distribution in the house hold regarding the loan received from ADCSI

Decision making power holder in household	Frequency	Percent
Husband only	10	22.7
Wife only	5	11.4
Husband with wife	29	65.9
Total	44	100

Table A.2: Source of Capital for the Business of Respondents

Sources of capital for respondents business	Frequency	Percent
Own saving	25	22.9
Borrowing from formal source (bank....)	6	5.5
Borrowing from Addis credit and saving institution	74	67.9
Borrowing from informal sources(money lender ,iqub,relatives/frieds)	2	1.8
Total	107	98.2
Missing	2	1.8
Total	109	100.0

Table A.3: Frequency and Percentage Distribution of Types of Associations in Which the Youth Participate

Types of association in which youth clients participate	Frequenc	Percent
Youth association	33	30.3
Women association	15	13.8
Trader association	10	9.2
Cooperative association	9	8.3
Traditional association	5	4.6
Not applicable	36	33.0
Total	109	100.0

Table A.4: Frequency and Percentage Distribution of Respondents by Sex

Sex of respondents	Frequency	Percent	Ratio of male to female
Male	60	55.0	1.22
Female	49	45.0	
Total	109	100.0	

Table A.5: Frequency and Percentage Distribution of the Respondents by Reasons for Increasing Trend of Income after Loan

Respondents reasons for increasing trend of income	Frequency	Percent
Access to market	20	18.3
Getting job	16	14.7
Starting new business	21	19.3
Expanding existing enterprise	30	27.5
Not applicable	22	20.2
Total	109	100.0

Table A.6: Frequency and Percentage Distribution of Respondents by Reasons for Increasing Trend of Educational Status

Reasons for increasing trend of educational opportunities	Frequency	Percent
Access to new schools built in the area	2	1.8
Income improvement, since I am employed	37	33.9
Increase awareness towards education	19	17.4
Not applicable	50	45.9
Missing	1	.9
Total	109	100.0

Table A.7: Whether the Respondents Participate In Community Improved Or Not

Whether the respondents participation in community improved or not	Frequency	Percent
Yes	74	67.9
No	34	31.2
Total	108	99.1
Missing	1	.9
Total	109	100.0

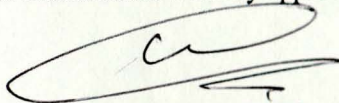
Declaration

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



Mulye Girma Tadesse

This thesis is submitted for examination with my approval as an advisor of the candidate



Weldeab Teshome (PhD)

July, 2009

