

Addis Ababa University

College of Social Sciences

Department of Sociology (MA Program)

**The Role of Microfinance Institution in Women's Household Decision Making
in Adama Woreda: The Case of Oromiya Credit and Saving Share Company
Microfinance Institution (OCSSCO).**

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December, 2016

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**A Thesis Submitted to the School of Graduate Studies of Addis Ababa
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of Arts in Sociology.**

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List of Acronyms

| | |
|--------|-----------------------------------------|
| ETB | Ethiopian Birr |
| FGD | Focus Group Discussion |
| ILO | International Labour Organization |
| MFI | Micro-finance Institutions |
| OCSSCO | Oromia Credit and Saving Share Company |
| SPSS | Statistical Package for Social Sciences |
| UN | United Nation |
| UNDP | United Nation Development Program |

ABSTRACT

It is widely accepted that women are central to household well-being and national economic development. However, the role of women is impeded because they generally hold a low status in many developing countries. Owing to historical and cultural disadvantages, women are also more vulnerable to poverty. In addition to being a human rights issue, the prevailing condition of women calls for taking measures to empower them. The decision making power of women is also the basis for transforming lives at the household level and in the wider society. It is therefore argued that microfinance services are considered as an effective instrument for empowerment of women in household decision making. This study has the objective of assessing the impact of microfinance in women's household decision making in the study area.

The research was conducted at the Oromia Credit and Saving Share Company microfinance institution. The researcher used both qualitative and quantitative research methods to obtain a reliable data. Data were derived from a survey, in-depth interview and focus group discussion. In addition, the researcher has employed non participant observation.

The study establishes that improved access to microfinance has been able to empower women economically. Although the results vary, the study indicated that the income and saving levels of the majority of the clients have increased after the delivery of microfinance. Encouraging results have also been shown in the enhancement of the women's occupation, self-confidence with respect to the capability to work on their own business and improve their lives. On the other hand, there seems no enhancement in the decision making power of women predominantly among the aged ones.

Chapter One

1. Introduction

1.1 Background of the Study

Women represent around 50 % of the world population, and in many regions of the developing world their contribution is immense in all sectors of development. They play a critical role in agricultural production and economies of developing countries (Hill 2011). They perform 66% of the world's work, and produce 50% of the food, yet earn only 10% of the income and own 1% of the property (OECD, 2012). Furthermore, women represent 70% of those living on less than \$2 a day (Rose, 2011). They constitute a large proportion of the population in the informal sector, with little or no financial security and/or social benefits (UNDP, 2010). According to United Nations Development Program (UNDP 2010), six out of ten of the world's poorest people are women. UNDP also reports that some 75 percent of the world's women cannot get bank loans because they have vulnerable or insecure jobs as well as a lack of collateral to offer as security to banks.

In Sub-Saharan Africa women contribute 60 to 80% of the labour in food production both for sale and household consumption (UN, 2005). But still 70 % of the poor are women and their ownership of assets is not the same as their counter parts. Due to gender based discrimination and socially constructed sub-ordination they have inferior status everywhere in all aspects of life i.e. political, economic, familiar or social. Ethiopia as part of sub-Saharan Africa shares the same history. Although women are engaged in heavier and highly time-consuming workloads, they never obtain the commensurate earnings. The burden is worse in rural Ethiopia where the

majority of women have limited access to credit and other financial services and they have no alternative economic opportunities to generate their own income and to be self-reliant. This lack of alternative income sources constrains women to be very much dependent on their husbands and to have low participation in household decision-making (Haiymanot 2007). Beside, the majority of women are unemployed; their occupational choices are narrower and heat by the hardest poverty than their counter parts. Thus, they constitute the bulk of those who need microfinance service (Zelallem and Chalchisa 2014). Therefore, in order to make women capable of averting their situation micro- financial institutions should be utilized in a way that can ensure their household decision making power.

Microfinance is the provision of a broad range of financial services to poor low-income households and micro enterprises. Bennet and Goldberg (1993) asserted that in developing economies, low-income women are often victims of societal suppression and abuse. It is therefore argued that microfinance services are considered as an effective instrument for women's empowerment in household decision making. Microfinance empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities. The economic empowerment is expected to generate increased confidence and self-esteem, respect and other forms of enhancements for women beneficiaries. It is clearly visible that involvement in successful income generating activities should translate into greater control and empowerment in household decision making (Narayan 2002, cited in Meron, 2007).

The heightened interest in the gender dimension of microfinance in recent times stems from the fact that women are often seen as instruments for societal change and development and as such, empowering them may be of great benefit to society. Microfinance as a tool for women's

household decision making has therefore become the main subject of many global and regional conferences, seminars and workshops. Experts have widely acknowledged the substantial contribution of small and micro enterprises (of which women participation constitute larger percentage) to the socio-economic development of a nation, therefore the need to support them to grow. It is therefore no exaggeration to state that, the most important goal, which every society in the contemporary world has set for itself, is to empower its women to be able to afford basic necessities of life as well as be part of decision making in the home and community. In many societies in Africa, which Ethiopia is no exception, women are not fully integrated into the socio-economic development process (Meyer, 1992) and one of the possible implications is that, these societies are deprived of their full utilization of their human resource capabilities and potentials.

In an effort to promote women's empowerment in household decision making, Ethiopian government implemented delivery of microfinance services as one of the policy instruments of the government and non-governmental organizations to tackle miserable life of its people, to reform the social and economic condition of the poor in general and women in particular, enable poor women to increase their productivity, induce the adoption of new technologies, increase income, and reduce poverty and empower women socially and economically (Asmelash 2003). Despite these efforts there appear to be gaps in accessing micro credits to the women though it was thought as one of the empowering tools by a number of researchers and development practitioners among people in developing parts of the world. The study therefore explores the extent to which the Oromiya Credit and Saving Share Company microfinance institution (OCSSCO) have contributed in women's household decision making in the study area.

1.2 Statement of the Problem

Traditionally, socio-cultural beliefs and other impediments have long limited women's participation in the economy and their access to resources for development especially in developing countries. In general, women also make up the majority of unemployed, the lower paid, unorganized informal sector of most economies. However, there is a general consensus that in order for women to play a meaningful role in socio-economic development, they must be empowered both at the economic and social level. One way of empowering women's household decision making is to make credit easily accessible to them to finance their small and micro enterprises besides improving the efficiency and fairness of the organizational and institutional context which govern the use and control of these assets. In an attempt to realize this objective, a plethora of policies were implemented by various governments in collaboration with other stakeholders aimed at helping women access funds to expand their businesses and avert their living situation and experience increased well-being (Hill 2011).

Though microfinance is relatively a new phenomenon in Ethiopian context, different studies have been conducted in the area. One of the earlier studies by Wolday (2003) reviews the development of microfinance in Ethiopia and assesses the regulatory frameworks of the industry. In addition, the study analyzes the performance of microfinance institutions in Ethiopia in terms of financial sustainability and outreach of the microfinance institutions. Previous studies review performance of microfinance institutions in Ethiopia which focus on performance analysis in terms of financial sustainability and outreach, service delivery issues of microfinance in rural Ethiopia and the nexus between commercial and social objectives of microfinance institutions in

rural Ethiopia, reconciliation of financial sustainability with poverty alleviation and access to microfinance in rural Ethiopia (Befekadu 2008, Alemayehu 2008, Getaneh 2008).

In addition, studies conducted in line with microfinance institutions mainly emphasized on assessing the impacts of micro finance institutions on urban poverty reduction in Ethiopia. Unfortunately, many studies stress the financial aspects of micro-credit ignoring the social aspects which affect access and utilization of small loans. For instance, the study by Asmelash (2003) deals with the impact of microfinance program on rural poor households but lacks exclusive focus on women and their socio-economic impacts. Another study by Mebratu (2008) assesses the impact of microfinance program in poverty alleviation emphasizes and exclusively focused on urban poverty. Hence, to the best of my knowledge I have not found studies on the issue under investigation so far in the study area where the issue of women's household decision making through microfinance program is may be addressed. This is perhaps due to the fact that both micro finance development and priority attention to women's household decision making are new, and are currently recognized as important strategies in the process of policy development in Ethiopia in general and in the study area in particular.

Generally, local studies or published work on the impact of microfinance on women's decision making in the rural woreda's of Adama town was not found. Therefore, this study is going to generate evidentiary findings and fills the gap of the above reviewed works in terms of the role of the microfinance programs on women who have been using microfinance services and by giving exclusive attention to women clients of OCSSCO microfinance program.

1.3 Objective of the Study

1.3.1 General Objective

The general objective of this study was to explore the extent to which access to microfinance services has led to enhance women's household decision making with special reference to Oromiya Credit and Saving Share Company (OCSSCO) MFI in Adama district.

1.3.2 Specific Objectives

The specific objectives of the study were:

- ❖ To identify the services delivered by the microfinance institution to enhance women's household decision making power.
- ❖ To examine the economic impacts of accessing microfinance services on women in the study area.
- ❖ To explore the social benefits of microfinance on women's household decision making in the study area.
- ❖ To find out the challenges women encountered in accessing and utilizing microfinance facilities in the study area.

1.4 Significance of the Study

This study is aimed to explore the role that microfinance institution played so as to ensure the women's household decision making. Thus, the findings of the study is believed to show the social and economic benefits of delivering microfinance services to women's life besides, helping Oromiya Credit and Saving Share Company MFI to evaluate their contribution to women's access and control over micro credit facilities. Since the study did not only assess the impacts of micro finance programs on women status but also attempted to investigate

impediment to their participation in the accessing and utilization of the program services, therefore, the findings are relevant for micro finance officers, program coordinators, policy makers, and administrators at different levels, and other financial service providers in ways that constraints could be addressed for women participation, which, in turn, would help to sustain the economic and social significances of microfinance institution programs towards the poor in general and women in particular.

In addition, the results of the study will serve as a source of information for those scholars, researchers and people who need to know the role of MFI in women's household decision making.

1.5 Scope of the Study

Though there are a number of microfinance institutions in Adama town, handling the topic into consideration in a wider geographical area requires huge amount of finance and time. Hence, to make the study manageable within the allotted time and financial budget, the study is delimited to women clients of only one microfinance institute, namely OCSSCO. In addition, the scope of this study is limited to focus on the benefits of the microfinance institution in women's household decision making in the study area. It has also sought to identify the challenges women faced associated with the accessing and utilization of microfinance services delivered by OCSSCO.

Chapter Two

Research Methods

This part of the study pays attention to the research methods that were employed in conducting this study. Thus, issues discussed in this part include; the study design, the target population, the methods of data collection, the sampling techniques and the methods of data analysis.

2.1 Study Design

According to Millward (2001), there are different research methods for data collection and analysis. The choice of research methods depends more on the objectives of the study and the corresponding research questions than the preference of the researcher. Whilst selecting any method for data collection, researcher always considers the advantages and disadvantages of those methods. He decides which method is most effective for gathering effective data and information for analysis. Thus, there are three approaches that are commonly used in research work. These are qualitative, quantitative or mixed. Some research problems are approached quantitatively or qualitatively yet some other research problems need to be approached by combining both qualitative and quantitative approaches. Therefore, to better achieve the objective of the study the researcher employed quantitative as well as qualitative methods. While more emphasis was given to the qualitative method, quantitative analysis was used as a supplement to the former approach.

According to Denzin and Lincoln (2005), qualitative methods are usually employed for deeply rooted studies that attempt to interpret social reality. Gender issues being one aspect of social reality, qualitative analysis is believed to provide an appropriate understanding of the subject.

Feminists have used qualitative research methods in order to make women's diverse voices and experiences heard (Jane and Lewis, 2003 cited in Hiamanot, 2007). In accordance with the above, this research mainly focused on qualitative method with the view of assessing the areas and extent of empowerment resulting from the intervention of microfinance and also identifying the challenges and problems faced by the clients in the undertaking. In this regard, Focus Group Discussion and in-depth interview methods have been used for the purpose.

With the objective of obtaining accurate quantitative data the researcher has employed survey method and used questionnaires to collect the data from the respondents. The questionnaires were administered to the beneficiaries of the microfinance program (women). Documentary data sources or document analysis also used to collect and analyze secondary data that are relevant to the study.

2.2 Methods of Data Collection

The study was conducted in Adama main Branch of OCSSCO microfinance institution located 100 Km away from Addis Ababa to the Eastern part of Ethiopia. The study has employed both primary and secondary data collection methods to collect the data and presented as follow.

2.2.1 Survey: -this study has employed cross sectional survey design which permits researcher to collect the data at one point in time from a sample selected to describe large population at that time. The data was collected at one point in time because of time and financial constraints.

Survey was designed in order to collect the primary data from the participants. The main aim of the survey was to obtain reliable feedback from the sampled microfinance services beneficiaries in the study area. With the help of this method the study has obtained data on demographic and

socio-economic profiles of women, numerical data on economic and social impacts of OCSSCO in women's household decision making, the form of income generating activities they are engaged in and the challenges they have encountered in accessing and utilization of services of the microfinance institution and triangulate data which were generated through qualitative methods. The questionnaire was prepared based on the objective of the study and it has contained both close-ended and open-ended questions.

2.2.2 In-depth interview- is used to generate detailed qualitative data from the respondents. This method is believed to provide more accurate information as the respondents appear to be more open to discuss issues during a one to one interview as compared to group discussions. In-depth interview was conducted with those women who are currently active clients of OCSSCO so as to identify the changes they have experienced as result of microfinance intervention. Furthermore, it was conducted with clients to identify the challenges they have faced in utilizing and accessing microfinance facilities. Interviews also carried out with the officials of Oromiya Saving and Credit share Company (OCSSCO). To gather the necessary information in organized and manageable manner, interview guide was prepared for the interview participants. The included key informants were women beneficiaries who are believed to be more knowledgeable about the issue under study and they were proposed by the staffs of the institution.

2.2.3 Focus Group Discussion: - According to Creswell (2007) group interviews are useful to draw on the synergy between members and the size of the group is not only large enough to generate diversity of opinions but also small enough to permit everyone to share in the discussion. In this study, three FGDs each comprising six members were conducted to collect qualitative data and accordingly an open ended focus group discussion guide was prepared and utilized to gather data about the challenges and opportunities of poor women so far in OCSSCO

microfinance service. It covers specifically questions that related to women's household decision making, and challenges that poor women faced in OCSSCO microfinance institution in general. The participants or women clients were selected and discussion arranged by staffs of the institution that have direct contact with the clients and are able to identify those that provide more information.

2.3 Sources of Data

In this study the data was collected from both primary and secondary sources. The primary data was collected from respondents; women clients of the OCSSCO, as well as the officials of the OCSSCO. Besides, secondary sources of data were required to understand the concepts, definitions, theories and empirical results. Thus, it was obtained from several books, research literatures, articles, and organizational reports particularly reports of OCSSCO microfinance institution.

2.4 Target Population

The target population of this study is women beneficiaries of Oromiya Credit and Saving Share Company (OCSSCO) microfinance program. The target population encompasses poor women clients of the Oromia Credit and Saving Share Company microfinance institution and those women who participated more than one year in OCSSCO intervention were included in the study since poor women are the majority of the clients.

2.5 Data Collection Instruments

Questionnaire: -was used by the researcher to obtain data from the respondents because of its versatility, its time and cost efficiency and for its overall ability to get the job done. Therefore,

the questionnaire was used to obtain the reliable data from the sample beneficiaries of microfinance program in Adama district. In addition, interview guideline was developed and used for key informant interview and focus group discussion by making it specific for the respondents to explain the situation and relevant information for the study topic.

2.6 Sampling Methods

For the purpose of this study combination of purposive or judgmental sampling and simple random sampling methods were employed. Purposive sampling is a non-random sampling method which is used by the researcher to select Oromiya Credit and Saving Share Company (OCSSCO) microfinance institution and its women clients for the study. This is because, taking the entire participants from the whole microfinance institutions, which are found in the towns, is very costly and not manageable. Considering all these difficulties, the researcher was forced not to apply the probability sampling procedures for this purpose. As a result, non-probability sampling, particularly purposive sampling procedure was utilized. Therefore, according to the OCSSCO of Adama branch, currently the institution is serving 1962 women in Adama woreda.

On the other hand, representative sample from the total population were selected through the use of simple random sampling procedure. With the objective of obtaining accurate quantitative data, a questionnaire has been developed and administered for a total of representative sample respondents. Therefore, because of budget and time constraints and more emphasis is given to qualitative method, for this study 100 participants were selected out of the total population.

2.7 Data Analysis and Interpretation

Both the in-depth interview and focus group discussion was initially transcribed. The researcher then read the transcripts and the notes. There was interpretative and reflexive reading of the data. Interpretative reading involves constructing and documenting what the data mean or represent and then can describe and explain the phenomenon being studied from the data.

After reading the transcripts, the main concepts were categorized and an index constructed which containing broad themes like economic impacts and sub-themes such as how the women manage their money. Each category was then labeled using appropriate headings. Finally, the major findings under each topic and sub-topic were analyzed and interpreted.

With regard to the quantitative analysis, SPSS version 20 was employed for the data entry and to calculate percentage values. The resulting data was then analyzed and interpreted.

Chapter Three

Literature Review

3.1 Theoretical Framework

The theoretical framework is the foundation on which the entire research project is based. It identifies the network of relationships among the variables considered important to the study of given problem. The dependent variable is women's household decision making which can be measured by constructing simple index.

Empowerment of women in household decision making was measured on five indicators such as decision on taking credit, use of profit, business management, household expenditure and loan use, taken by herself, jointly by her husband or by her husband only. An index was constructed by using all these indicators. All these decisions are basic indicators of decision making not big ones like sale and purchase of assets, so index constructed by assigning equal weights to each response.

Education of women often argued to increase the women empowerment in household decision making. Mostly women are dependent economically and socially on the male members of the society, so the education of women considered important. If they are highly educated they are aware of their rights and will give them self confidence in taking decisions at the domestic level.

Family size is notified as the negative factor of women empowerment in household decision making. It is common perception that large family size will affect family income and economic and social wellbeing; provide for large family is a great burden generally for parents and particularly for women. So having a larger number of families has more say in family decision making and gives less chance for empowerment and autonomy.

Credit is a critical explanatory factor through which the employment of women in home based activities increase. The term microfinance has been used interchangeably with Micro credit or loan amount in Ethiopia largely because other services and products in this sector, far less developed than credit. Savings and insurance are still in infancy. As all the respondents of this study are those who are getting benefit from microfinance institutions. To see the role of microfinance in decision making of women, we have to see that variation in microfinance effect the level of empowerment or domestic decision making indicators.

3.2. Definition of Concepts

Microfinance has long history and encompasses a diverse range of institutional formats ranging from individual money lenders through to more formal institutions, such as village banks, credit unions, financial cooperatives, state owned banks for SMEs (Small and Medium-sized Enterprises), social venture capital funds and specialized SME funds. Microfinance has undergone several transformations in terms of concept, services type and approaches/modes of provision. Indeed, microfinance is said to be a new and emerging field in which there is still a lot to learn (Dunford, 2000). Although an evolving concept, microfinance has been recognized as a development approach intended to benefit low-income women and men (Ledgerwood, 1999 and Otero, 1999).

In using the term microfinance, there exists, however, some confusion. The point of confusion lies on the nature of clients served and types of services offered. Regarding the nature of clients, though different scholars stated microfinance program in different perspectives, most of them tend to believe that the program has emerged to help the poorest sections of the society. Others, however, argue that since it is rather not easy in practice to consistently serve clients that are

living below the poverty line, micro-financing is meant for those who are presumed to be able to repay loans (Meagher, 2002).

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

In broader understanding, microfinance according to Ledgerwood (1999) is “the provision of financial services to low-income poor and poor self-employed people. These financial services generally include savings and credit but can also includes other financial services such as provision of credit cards, payment services, money transfers, and insurance services. (Schreiner and Colombet, 2001, cited in Bamlaku, 2006) define microfinance as *“the attempt to improve access to small deposits and small loans for poor households neglected by banks.”* Therefore, microfinance involves the provision of financial services such as savings, loans and insurance to poor people living in both urban and rural settings who are unable to obtain such services from the formal financial sector. Besides, many micro financial services undertake social intermediation services such as group formation, development of self-confidence, and training in financial literacy and management capabilities among members of a group. “Thus, the concept of microfinance often includes both financial and social intermediations.” (Ledgerwood, 1999).

A more useful and perhaps practical definition of microfinance, is given by Meyer (2000), which defines microfinance as "... the provision of a broad range of financial services such as deposits, loans, payment services, money transfer, and insurance to low-income households and their micro-enterprises". Related to this, McGuire and Conroy (2002) indicated that low-income households do not generally have access to financial services but they have considerable effective demand for such services. Thus, microfinance refers to the provision of financial services, usually in the form of small- sized financial transactions, to people who usually fall outside the reach of formal finance. They tend to be the poorest members of all societies. Commercial banks usually ignore them to avoid high transaction costs of servicing small loans and savings deposits. Moreover, most of the poor do not possess assets normally demanded as collateral, and they are perceived as being too risky to be granted loans (Meyer, 2001).

3.2.1 The Concept of Empowerment

Gender equality and women's empowerment is the third of the eight millennium development goals set by the United Nations, in a bid to achieve development in the least developed countries. Because of this, women's empowerment has become a central issue in the development strategies of many developing countries. However, its achievement is subject to many factors considering the fact that empowerment itself is a multidimensional concept, which has been defined and is still being defined using a number of variables. Kabeer, one of the prominent writers on empowerment, defines the concept as the process by which those who had been denied ability to make choices acquire such ability (Kabeer, 2005). According to Kabeer there are three different levels where empowerment can be achieved or failed;

i) *Agency*, which relates to the process by which choices are made and put into effect. For one to make choices, they have to be with the power to make such choices. However, according to Kabeer, this dimension is affected by institutional factors especially the socio-cultural norms. Therefore for one to be empowered, they should have the power to challenge such existing cultural norms. Inglehart and Norris (2003), argue that where traditional values prevail, women are not only limited by society in terms of the opportunities they seek but also limit themselves. Thus, cultural change is a prerequisite for achieving women's empowerment.

ii) According to Kabeer the second dimension is that of *resources*: this relates to the medium through which agency is exercised. These resources can be distributed through the various institutions and relationships in the society. Worthy to note here is the extent to which the resources are made available. For example if a woman's access to resources is dependent on a family member, then her choice to have such resources is limited and dependent on that family member.

iii) Having received the resources, women are able to make choices of the kind of life they want to live. This brings us to the level of *achievement*. Kabeer defines achievement as "*the extent to which women's potential to achieve empowerment is realized or failed*". These achievements, however, should lead to women's independence other than just meeting their survival needs. Oxaal and Baden (1997) argued that, there has been a tendency by many empowerment practitioners to assume that increasing access to resources or decision-making power in one area, will automatically lead to a change in other areas. For example, providing credit to a woman may not increase women's control over resources and their bargaining power, but the context under which this credit is delivered is what makes it meaningful. It will be hard to facilitate credit amongst women in the context where organizational cultures are biased towards the participation

of women in decision-making. This therefore means that it's not about credit alone, but also the structures and processes through which credit will be used or even acquired need to be examined. For that reason, Oxaal and Baden (1997) suggested, "*Empowerment is demonstrated by examining the quality of people's participation in decision making and processes affecting their lives*".

3.2.2 Types of Empowerment

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

1). **Economic Empowerment:** refers to women's access to saving and credit gives them a larger economic role in decision-making about both financial activities. Controls over credit and saving decisions allow them to optimize their own and household's welfare (Mayoux 2000). SIDA (2009) defines "women's economic empowerment as the process which increases women's real power over economic decisions that influence their lives and priorities in society." Desta (1999) observes as "the economic independency of women; access and control of productive resources; organizing to challenge gender based discrimination in terms of access to resources, information market, etc". Economic empowerment puts women in a stronger position and gives them the power to participate, together with men, in the shaping of society, to influence development at all levels of society, and to make decisions that promotes their family and their own wellbeing. According to Mohammad and Mohammed (2007), Economic empowerment refers to increase in financial resources i.e. increase in income, savings, expenditures and self-employment. Women

are economically empowered when they have control over resources, spend according to their own will, work to earn income for themselves and for their family, and make decisions concerning financial matters (Mohammad and Mohammed 2007).

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

Social empowerment, according to Mohammad and Mohammed (2007) refers to the awareness among women who are really mistreated and dominated by males in various areas of the underdeveloped countries. Generally, Social empowerment is associated to the involvement of people in different political institutions and communities, decision-making influence and freedom of mobility. The other factors included in social empowerment are increase in the use of contraceptives and participation in different social and political meetings.

3.3 Microfinance and Women’s Household Decision Making

In case of women empowerment, there was much trust that microfinance would help women to increase their bargaining power within the household and that the “the organization of women into groups that meet regularly will build solidarity among them and result in wider challenges to gender hierarchies” (Wolday, 2000). However, the literature often neglects the role of the male dynamics in the household as well as the social and cultural constraints that women face (Stieglitz, 1998). If patriarchal system is embedded in society it is very unlikely that usage of microfinance scheme would greatly contribute to the empowerment of women. In these

communities women exhibit little awareness or wish to challenge the gender inequality. The belief that male leadership of the household and community is natural is deeply implanted in the minds of the women making it hard to encourage them to challenge male dominance.

Therefore, even though microfinance mechanisms enable women to increase their income, they rarely encourage them to question and challenges of gender relations in the community. Also the assumption that if woman starts earning, her husband will inevitably start to value his wife has no solid ground especially being aware that husbands or other male members of the family often use women as an intermediary to get a loan from microfinance institutions, as they are not eligible to get one themselves (Rahman, 1999). It does not imply, of course, that women cannot derive benefit from the loans as it is usually used for common purpose of the household, and contribute to increased economic independence of women but it is not likely that microfinance could bring more than a marginal improvement in women's life.

...Women's priority is to invest their earnings in their children, followed by their spending on their household necessities. Therefore, lending to women and increasing their earnings bring more qualitative benefits to family welfare than the earnings of men. In addition, lending to women is perceived an effective way to assist the poor women in attaining their socio-economic empowerment in the larger society (Rahman, 1999)

Microfinance institutions' focus on women noted that credit services bring about economic benefits such as higher business incomes and better empowerment, greater self-confidence, increased role in household decision-making and better social capital, women involved in microfinance feel less marginalized, have higher aspirations for their children's education and future, use more reliable sources of drinking water, and are more likely to use latrines and

contraceptives. On the other hand, microfinance institutions prefer women to men not only because they have been marginalized in socio-economic relations, but also they tend to be excellent clients, which Rahman (1999) called 'the hidden transcript'. According to Rahman, Grameen Bank targeted at women strategically for recovering of loans because of women's positional vulnerability such as shyness, being passive and submissive in some societies as well as being more reliable and more disciplined. In addition, women in many programs have been proved for repaying their loans at higher rates than men (Murdoch and Haley, 2008). As it was stated in Rahman (1999) lending to women gives microfinance institutions an unwritten guarantee of getting back their money.

Majority of microfinance programs target women with the explicit goal of empowering them. However, their underlying premises are different. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged. Others believe that investing in women's capabilities empowers them to make a choice, which is valuable in it, and also contributes to greater economic growth and development. Another motivation is the evidence from literature that shows that an increase in women's resources result in higher well-being of the family, especially children. Finally, an increasing number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers thereby contributing to their financial viability (Robinson, 2001). Another argument that explains in favor of priorities to women is their efficiency and sustainability. Women are believed to be better in their repayment records and cooperativeness. Women's repayment rates also excel that of men and their lower arrears and loan rates have an important effect on their efficiency and sustainability of the institutions. Women's equal access to financial resources is also a human rights issue (Meron 2007).

3.4 Targeting Women under Microfinance

Women's are the largest clients of microfinance program, hence microfinance is aiming to give access to women than men to empower them and alleviate poverty from the shoulder of the poor women. There are a number of reasons why microfinance is targeting women, the following paragraphs highlights why the microfinance is targeting women

The main reason why Microfinance is targeting women is to empower them. According to Getaneh (2010), if the livelihood of a woman is fully dependent on the income generated by the husband, the breakdown of the marriage would mean a disastrous consequence for the woman. Because of this, the woman is likely more eager to accommodate her husband's interests in order to save the marriage from breaking down. This weaker bargaining position of women gives an upper hand to the male counterpart in any decision-making within the household. By putting financial resources in the hands of women, microfinance institutions can help level the playing field and thereby promote gender equality.

Another explanation for the rising proportion of female borrowers is that of sustainability issue. Repayment loan is higher in the case of women than men borrowing from the microfinance institutions and loan rates have an important effect on their efficiency and sustainability of the institutions (Cheston and Kuhn, 2002). The other main reason why microfinance is prioritize women is that, women is more likely to spend her income and related finance on the welfare of household, nutrition and family needs than their men counterparts. Thomas (1990, cited in Kahn, 2011) finds an improvement in children's health and households' nutrition when non-labor income is in the hands of women rather than men. Furthermore, Thomas (1994 cited in Kahn, 2011) in his study reports that the budget share spent on household' health and education in

Brazil increases when the bargaining power of women is increased. So far, assistance to women has therefore been shown to generate a multiplier effect that improves the welfare of the whole family (Getaneh, 2010).

The other rationale why MFI target women are, women are less mobile, thus more likely to work from home and this makes it easier for MFIs to follow and monitor the investment projects. This argument is also discussed in Goetz and Gupta (1996) and argues that women are more conservative in their investment and business strategies which make them choose projects that are less risky. Furthermore, the need for targeting women is justified on grounds of high female repayment rates and the need to stimulate women's economic activity. It is believed that increasing women's access to microfinance services will in itself lead to individual economic empowerment though enabling women's decisions about savings and credit use to set up micro enterprise, increasing incomes under their control (Mayoux, 2005).

3.5 The socio-economic Effects of Microfinance in Women's Household Decision Making

3.5.1 The Economic Effect of Micro-finance

Women's access to credit is generally believed to result in their economic enhancements. As a result, the provision of microfinance to women has been called for by various international and national organizations in light of their productive role for economic development and women's rights. However, many still question the empowering capacity of credit in relation to the economic social and political conditions of women. (Mayoux, 2002).

A study by Meron (2007) revealed that micro finance plays a significant role in the economic empowerment of women. To this end, the provision of micro finance to women has been called

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

Kabeer (1998) noted that studies conducted in Grameen Bank in 1995 show that micro finance has a positive impact on saving and capital accumulation and as a result the investment was for long time borrowers than for the newer one to the extent 260 % as compared to the non-members. Meehan (2001) study revealed that 60 clients (94 %) reported a significant income increase as a result of access to credit although the income of some of the clients has dropped after certain period of time. It was highlighted that access to micro finance has contributed to greater usage of basic household food, increase in assets, and smoothing consumptions in the client's households. The impact becomes larger for those closer to the poverty line and it also increases with the duration of membership or intensity of loans as members begin to invest in assets rather than consumption (Morduch and Haley 2001). Microfinance delivery in various points of the world has improved the economic position of households, enhancing the asset base and diversification in to higher return occupations among members.

Brehanu (1999) suggested that women empowerment, their self esteem, their self confidence, and status within the household are closely related with increase in their income and business ownership. Tsehay and Mengestu (2002) investigated on the impact of micro finance among the

poor women's in Ethiopia. They argue that the micro finance interventions have brought positive impacts in the improvement of economic status and empowerment of micro finance programs beneficiaries. However, there are also a number of issues within the women's empowerment framework that impede the poverty reduction capacity of microfinance (Skarlatos, 2004). First the size of the loans is too small which does not enable the women to make long lasting income change for the household. Secondly, the increased access to credit in the same geographic area could contribute to market saturation of products provided by women. This is because poor women usually engage in similar businesses. Thirdly, there is the possibility that the women's successful business might have a negative impact on the girl-child who might be required to help her mother leaving the school. Women have a stake in the overall economic achievement of the household. However, in societies where there are restrictions on women's public mobility the impacts of microfinance on women are marginal or even non-existent. In addition, the economic impact of microfinance on women depends on whether they have full control over the loan secured and their voice in house hold decision making (Goetz and Gupta, 1996).

Hence, the presumption that access to credit automatically leads to women's empowerment in household decision making is not often true. This is because women with access to credit are usually unable to gain and maintain control of it. In addition there are additional disadvantages that women face including inability to access information, productive resources and social networks that hinder their access to and control of resources (Mayoux, 2002).

3.6 The Social Impacts of Micro-finance

In addition to economic impacts, social changes also result from the work of microfinance organizations (Kabeer 2005). The delivery of microfinance is expected to result in social changes because women working in groups can achieve what might not be achievable individually. Micro finance organization strategies provide the poor the possibility of belonging to a group they choose despite the socially or economically imposed relationships (Kabeer, 2005). This allows for meeting with others of similar experience and share knowledge. Such practices in effect are believed to empower them both individually and collectively.

Micro-credit programs have, in many cases, increased mobility and strengthened networks among women who were previously confined to home because borrowers build solidarity through their participation in lending circles and village organization. Studies suggest that access to credit empower women by increasing their autonomy and decision making ability within household (Cheston and Kuhn 2002,Mayoux 1995). Others argue that women access to credit is likely to free women from abusive marital relationship (Mayoux 2001) and reduced the vulnerability to domestic violence and increases in self confidence (Cheston and Kuhn 2002) .

Microfinance members are also expected to have enhanced decision making powers regarding reproductive rights than non-members. These include the decision on abortion, contraception use, and number of children and age at marriage for their daughter. In addition, the livelihood of female decision making has been increased when channeling loans through women's groups rather than to individual women (Goetz and Gupta, 1996).

International Labor Organization (2003) conducted empirical study on women entrepreneurs in Ethiopia and the survey results revealed that the majority of women entrepreneurs make their

own independent decisions on the utilization of the money generated from their businesses, as well as matters that affect their businesses. The study further showed that a significant number of surveyed women who operate small enterprise make joint decisions with [her] husbands when the decision involves complex matters or where the husbands permission is required. For example, offering joint property as collateral or disposing of a major property.

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

3.7 Challenges Faced by Women in Microfinance Intervention

While the number of women accessing credit is steadily increasing, and proponents to microfinance are supportive and positive about women empowerment through microfinance (Noreen, 2011, Mayoux, 1999), the critics to this statement argue that credit alone cannot solve the challenges faced by women, if other factors that surround her development as an individual are not tackled. Studies have shown that women face a lot of challenges both in accessing and utilizing their loans. Some of these challenges may be linked to their individual abilities while the others are dependent on the environment in which they live. On individual basis, Oxaal and Baden (1997) argued that women must empower themselves first then external support and intervention like support from microfinance institutions follow to foster this process. In other words, development agencies should not claim to empower women (Oxaal and Baden, 1997). Below are some of the challenges that women face both in accessing and utilizing loans; firstly are lack of information and experience on how to approach lending institutions. Cheston and Kuhn (2002) confirm that, women face disadvantages in accessing information, social networks and other resources they need to succeed in business and life.

This could be due to their restricted mobility as defined by society that they have to take care of their homes. Related to the above is the aspect of culture. The empowerment and dis-empowerment of a woman is largely associated with culture of the society in which she lives. Fletschner and Kenney (2011) wrote that, the socially accepted norms and roles played by women in their families have profound effects on the type of economic activities women engage in, the technologies available to them, the kind of people they must interact with, the places they can visit, and actually the powers they can exert over their own capital. In settings where such

norms are strictly observed, they do limit women's mobility, which compromises their ability to access information on credit, trainings, institutions and markets. This in the end affects women's ability and potentials to engage in business. According to Kabeer (2005), the socio-cultural values and beliefs are very significant in legitimating inequalities. For this reason therefore, the process of empowerment should then begin with cultural change (Kabeer, 2005). Men in patriarchal societies have always wanted to exercise their powers as the heads of households. Actually some men want to control their wives' income. Those who may accept that women can have separate planning for their income, use it as an excuse not to provide for the household needs and expenses and instead leave the burden to the woman. In such cases some women surrender their loans to their husbands. In their study, Hunt and Kasynathan (2002) found out that many women have been used as postboxes by their husbands, as they borrow money and pass over the full amount of their loans directly to their husbands with little or no access to the income and profits generated.

Oxaal and Baden (1997) confirm that many income generating activities and programs targeting women often increase their workload without any increase in resource control or decision-making power. Goetz and Gupta in 1996 found out that 63% of women loan holders of the three micro finances studied in Bangladesh had exercised limited or no control in loan use. For example in an interview with women groups, it was discovered that 25 members passed on the full amount of their loans directly to their husbands only to receive the amount needed to make their weekly loan repayments. While Rahman (1996) revealed that 40% to 70% of the women who passed over their loans to their husbands were facing domestic violence due to increased tensions in the household. In such a circumstance, what do microfinance's have to do with the empowerment of women?

Noreen (2011) argues that, empowerment is still possible although it depends on a number of factors. In her study with Bahawalpur women, factors like the age, education of the husband, marital status, and inherited assets would determine the empowerment of a woman. However these factors do vary from society to another and cannot therefore be generalized to suit all societies. Alternatively, Kabeer (1998) indicates that the achievement of women empowerment through microfinance should be based on women's role in decision-making about the use of loan, participation in running the business and the use of profits.

Mayoux and Hartl bring in a focal point as Kabeer (2005), which concerns the need for cultural change. According to them, even when women use their loans to set up economic activities, their choice of activity and ability to increase their incomes are largely constrained by gender inequalities. They add that women are the majority savers in most of the rural credit and micro saving schemes, but the biggest loan share is normally given to men even when women have better business ideas compared to those of men (Mayoux and Hartl, 2009). Maybe creating awareness among men can as well be a solution to the gender inequalities. This is because according to Noreen (2011), the economic and social status of women can be promoted or withheld by their husbands. Therefore if men are educated about the rights of women, they will give them self-confidence in taking decisions on the household level. They can work together for the betterment of the family other than leaving all the household tasks for the wife, which limits her mobility. If microfinance institutions are to empower women, they should begin with the root causes of their powerlessness (societal institutions) other than dealing with their immediate needs.

3.8 Microfinance in Ethiopia

Since the takeover of the current government in 1991, considerable attempt has been made to liberalize the financial sector. To this effect, Proclamation No. 84/94 was issued, which allows private domestic investors to participate in banking and insurance activities, which were previously monopolized by the government. However, according to Seifu (2002, cited in Mulugeta 2014) the issuance of this proclamation alone did not totally solve the financial problem of the economically active poor people in rural and urban areas.

The legal foundation for the microfinance industry was laid in the country with the issuance of Proclamation No.40/1996 on licensing and supervision of micro financing institutions in 1996. MFIs established in accordance with the proclamation can provide a loan amount of not more than five thousand birr on the basis of group guarantee and to borrowers who have joined a membership arrangement as well as lend on limited scale to non-members on the basis of physical or other collateral (National Bank of Ethiopia, 2012/13). Another Proclamation, No. 40/96 was issued to solve the problem of the delivery of financial services to the poor. Following the issuance of this proclamation the microfinance industry of Ethiopia showed a remarkable growth in terms of outreach and sustainability. Furthermore, the National Bank of Ethiopia issued a new directive on May, 2002 to improve the regulation limits on loan size (Br. 5000), repayment period (one year), and lending methodology (social collateral).

Government institutions like commercial and development banks have also been providing credit to rural households for purchase of agricultural inputs and tools. More formal micro financing step, according to the 1999/2000 Annual Report on the Ethiopian Economy by Ethiopian Economics Association Vol. I., however, was taken in 1990 when an urban micro financing scheme was initiated at national level with credit agreement signed between Ethiopian

government and International Development Association (IDA). The credit scheme was implemented since 1994 in 59 towns of Amhara, Tigray, Oromia and Southern Nation Nationalities and Peoples Regional State has dispersed, up to the end of 1997, a total of 17.3 million birr, 20 percent contributed by the Ethiopian government and 80 percent covered by International Development Association (IDA), among more than 34,000 beneficiaries of which 65 percent were women (Ethiopian Microfinance Institutions, 2002). The reported recovery rate for 1996/97 of the successful scheme that provided evidence for success of group based lending and specialized MFIs was 92 percent. Concerning loan distribution and repayment, Worku (2000) reported that loan sizes provided by Ethiopian MFIs are modest, averaging about 50 birr to 5,000 birr to each client to start using within 7 days and begin monthly repayments. According to Wolday (2002), all MFIs in Ethiopia deliver limited and the same types of loan products to clients copying from each other, and their methodologies and products are "supply-driven instead of being demand-driven." Haftu, (2004, cited in Mulugeta 2014) states that MFIs in Ethiopia are trying to move towards considering and applying new approaches in group sizes and other procedures instead of following Grameen methodology.

According to the annual report of the national bank of Ethiopia (2012/13), the number of Microfinance Institutions (MFIs) operating in the country were 31. The overall performance of micro-finance institution during the review period was encouraging. Accordingly, their total capital and total asset increased by 20.8 and 33.0 percent and reached Birr 4.5 billion and Birr 17.7 billion, respectively. Deposit mobilization and credit provision activities of micro-finance institution have also witnessed a remarkable increment. Compared to 2011/12, deposit mobilization went up by 39.6 percent and reached Birr 7.6 billion. Their credit provision capabilities also rose by 37.6 percent indicating the expanded outreach of the microfinance institutions.

3.9A Brief Overview of Oromiya Credit and Saving Share Company MFI (OCSSCO)

Based on the experience and the model developed by the Grameen Microfinance, the first microfinance service in Ethiopia was introduced as an experiment in 1994 when the Relief Society of Tigray (REST) attempted to rehabilitate drought and war affected people through rural credit scheme. Although the development of microfinance institutions in Ethiopia started very recently, the industry has shown a remarkable growth in terms of outreach, particularly in number of clients (Mulat Demeke, cited in Befekadu 2006).

Oromiya Credit and Saving Share Company (OCSSCO) is registered and licensed microfinance institution operating in Oromiya National Regional State. It was initiated on June 1995 as a project under Oromo Self help Organization (OSHO) with the name of Oromiya Rural Credit and Saving Scheme Development Project (ORCSDP) and undertaken its operation under the mandate of the mother organization. OCSSCO was established in 1996 based on the commercial code of Ethiopia and proclamation No.40/1996 by five stakeholders. OCSSCO registered and commenced its formal operational activities with the head office in Addis Ababa and four branch offices namely Kuyyu, Shashemene, Hetosa and SinanaDinsho in 1997. Since its establishment OCSSCO has been assisting the resource poor people who otherwise has no access to financial services through the provision of financial services and has contributed to the national development endeavor.

Major Objectives of OCSSCO:-the overall objectives of OCSSCO is broadly categorized into alleviating poverty and promoting economic development through the provision of credit and saving services, achieving household level food security in Oromiya, increasing household income and improving the overall economic and social conditions of rural households. To meet

these objective OCSSCO targets resources poor people, mobilize both compulsory and voluntary savings and delivers credit to the poor in general and women in particular as a strategy.

3.9.1 Types of Services Delivered By OCSSCO

The institution provides different services such as provision of micro loan and revolving funds, savings, training and monitoring and follow-up.

Saving: It provides two types, namely compulsory and voluntary savings.

- ✓ **Compulsory savings:** is one of the requirements to access loans. All compulsory savings are non-withdraw able until the loan is fully repaid.
- ✓ **Voluntary savings:** is determined by the borrowers and non borrowers' willingness to save in the company and it is withdraw-able without any preconditions up on the requests of the depositors.

Loan Services: the credit is mainly dedicated to the poorest of poor in general and women in particular to finance agricultural inputs, farm oxen, petty trade, husbandry/dairy, animal fattening and ruminants and activities related to farming operations. The institution also arranges special loan services called revolving fund to most vulnerable women such as *women with disabilities, living with HIV AIDS and women engaged in commercial sex work*. The revolving fund will be given to those women to start IGAs as opposed to their previous situations and make use it for six months without any collateral and loan interest. After six months the initial fund is expected to be repayable and will be revolved to other women who faced the same situations.

Short Term Trainings: the institution arranges short term trainings on policies and procedures of its operations and business activities.

Chapter Four

Data Presentation and Analysis

The main objective of this study was to assess the extent to which OCSSCO microfinance institution have contributed to women's decision making at household level. This chapter presents and describes the socio-economic and demographic characteristics of the survey respondents of the study. It entails the frequency distribution of the level of education, religious affiliation, marital status, and the number of household members, occupation and income of the respondents. This chapter also covers the findings from the in-depth interview and focus group discussion participants related to the loan and reasons for borrowing, constraints encountered in accessing and using micro loan. It also covers findings related with the overall contribution of OCSSCO in women's household decision making in the study area.

4. 1 Socio-demographic Profiles of the Respondents

4.1.1 Educational Level of the Respondents

Education is one of the key factor and the most powerful tool to bring the desired socio-economic changes and development in a given society. Without education and relevant training the development of a given society in general and women's household decision making power in particular is seriously hindered. Regarding educational achievement of the respondents of the study, Table 1 below show that about 56% of them were literate and their educational level ranges from primary school to college diploma and first degree. About 16% of the respondents attended primary education, followed by 14% respondents attended high school education. While 23% of the study participants attended technique school and completed collage diploma. Table 1

also shows that 3 % of the respondents have completed degree. At aggregate level, the study also revealed that nearly 44% of respondents were illiterate. It appears that most of the respondents cannot read and write and would have an impact on the proper utilization of the microfinance services for the intended purposes.

Table 1. Distribution of Level of Education of the Respondents

| Educational Background | Frequency | Percent (%) |
|-------------------------------|------------------|--------------------|
| Illiterate | 44 | 44 |
| Elementary | 16 | 16 |
| Secondary | 14 | 14 |
| Technique school and diploma | 23 | 23 |
| Degree and above | 3 | 3 |
| Total | 100 | 100 |

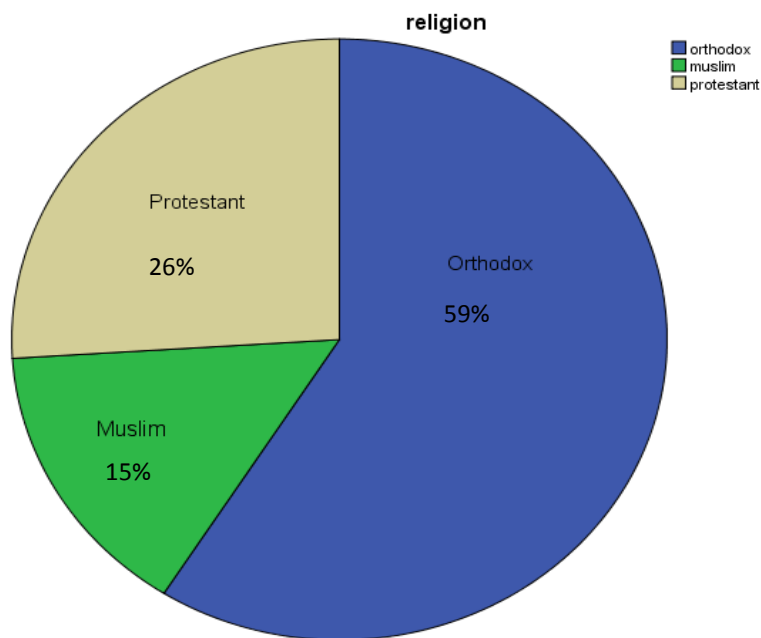
Source: survey data result, 2016

4.1.2 Religious Affiliation of the Respondents

Concerning the religious background of the respondents, the result of the study as it is indicated in the Figure1 below shows that, the majority of the respondents are followers of Orthodox Christianity .i.e. 59%. While Protestants accounts 26% and followed by Muslims that accounts 15 %. From this, it is possible to infer that majority of the clients belongs to Orthodox Christianity. The explanation for relatively small number of Muslim clients can be seen from religious beliefs towards credit program. For instance, interview with one of Muslim client (aged 31 years) shows how religious belief matters in utilizing credit opportunities. She explained her views on micro credit program from the religious point as follows: -

I was planning to participate and take credit from microfinance program many years ago yet I always think about the holy book, Quran. It does not allow anyone of the follower of religion neither to receive nor to give own or others money for the seek of interest. It is highly forbidden if you truly obey the words of Allah. That is why many of Muslim friends of mine do not borrow money for interest. Like many others, I used to decide not to take credit which has interest because it is, “haram” not accepted. However, the accidental death of my husband (who was the sole breadwinner of my family) and lack of any alternative means of support system to sustain my family particularly my three children forced me to breach it and get participated in the credit program a year ago.”

Figure 1. Distribution of Respondents by Their Religious Affiliation



Source: survey data result, 2016

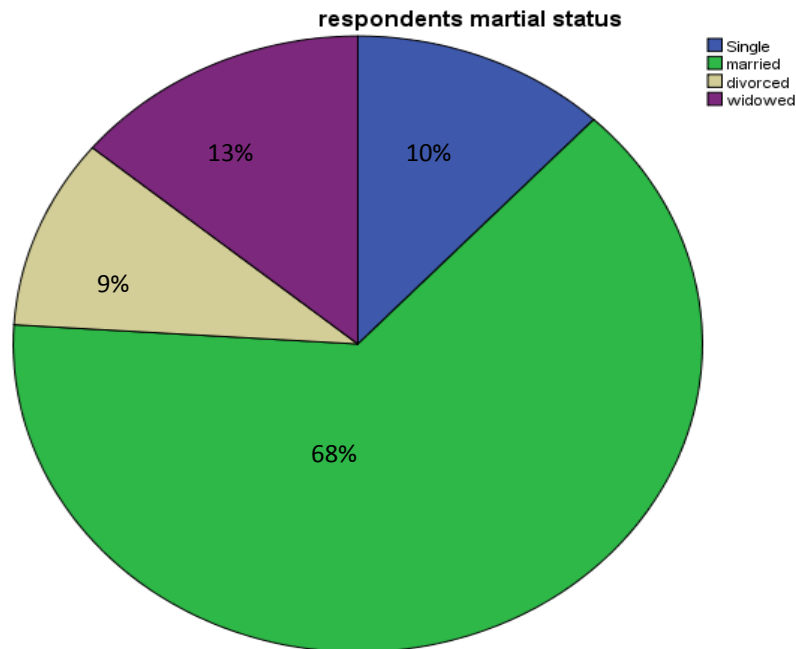
4.1.3 Marital Status of the Respondents

Regarding the marital status of the respondents the result of the study as it is shown in the Figure 2 below, the majority (68%) of the respondents were married, followed by widowed women (13%) and the remaining 10% and 9% of the respondents were single and divorced respectively. Hence, the data reveals that the majority of the respondents were married. This in turn, has its own benefit when women seek for collateral in order to get loan. According to the information obtained from the branch manager, marital status of a woman is one of the socio demographic variables considered as vital for the loan besides other requirements. During the interview the branch manager said, “Financially poor women to be beneficiaries of the loan program, it is preferable if they are married. Because in the event of defaults the husband is expected to pay and it is taken as a mutual responsibility.”

Additionally, the figure 2 below indicates that the married women borrowed more as compared to the other categories. With my experience, the societal beliefs in most of the societies in Ethiopia demand men to be the caretakers of the families. That is to say, men have to act as the bread winners and women are expected to stay home and take full responsibility of the household chores. However during the interview, in some cases such division of roles and responsibilities seem no longer to be the case, especially when men realize that a woman has got income. For instance, one of the respondents said;

I am married women but my husband forced me to make my own money. He has never bought me any clothe or shoe. He has never provided any household necessity. I use to depend on my relatives for my economic security. This forced me to get a loan and work hard to see how I could cover my expenses and manage my family”

Figure 2. Distribution of Respondents by their Marital Status



Source: survey data result, 2016

4.1.4 Family Size of the Respondents

A household size is very essential demographic component that can be utilized when analyzing the impacts of OCSSCO on client's decision making power at household level. With regard to the filed survey, Table 2 revealed that more than 71% of the respondents have family size ranging between 4 to 7, followed by 18% and 11% of women having family size between 1 to 3 and 8 and above respectively. Some of the unmarried women, who did not have children, help their family members out of their earning. The average household size of the study area is closely related and agrees with the central statistic rural socio economic survey report of 2013, i.e. 5.1 people. Therefore, it can be said that the majority of the clients have large family members, which may demand policy revision of incorporating family size when selecting clients for credit provision. Because, the number of family members a woman has can influence the

way she uses the loan, her seriousness to raise enough money to pay back the loan and to have enough to keep the family going.

Table 2. Distribution of respondents by Family Size

| Family size (number) | Frequency | Percent (%) |
|-----------------------|-----------|-------------|
| 1-3 | 18 | 18 |
| 4-7 | 71 | 71 |
| 8 and above | 11 | 11 |
| Total | 100 | 100 |

Source: survey data result, 2016

4.2 Loan and Repayment System

In this section an attempt has been made to present one of major form of service of the institution accessed to women, that is small loan and the factors that motivates clients to take the loan. The interest in this study was to establish relationship concerning the number of rounds of loan received by the clients and loan taking time.

4.2.1 The Type of Loan Received and Reasons to Take Loan

The study participants were asked the types of loan they secured from OCSSCO and the main question here was to establish the reasons why respondents get loan. Survey data, key informants and FGD responses revealed multiple reasons for borrowing micro-loans and these range from business related reasons to personal household demands.

Regarding the type of loan the participants received, the survey result indicated in the Table 3 beneath, revealed that the vast majority, about 87% of the respondents took agricultural production loan from the institution to buy livestock to fatten and sell, rent milk, and get access to productive resources that are significant to their economic advancement. In addition, about 9% of the respondents took small scale loan to expand micro business activities such as petty trade in *gulit*, selling local drinks while the remaining 4% of the respondents received loan for other purposes such as for personal use and to meet household necessities and to send their children to Middle East country.

Table 3.Types of Loan Received by the Respondents

| Types of Loan | Frequency | Percent (%) |
|----------------------|------------------|--------------------|
| Agricultural Loan | 87 | 87 |
| Small Scale Loan | 9 | 9 |
| Others | 4 | 4 |
| Total | 100 | 100 |

Source: survey data result, 2016

The researcher further examined the reasons for taking loan from key informants and FGD participants and the data indicated that the majority of the respondents were engaged in livestock fattening. The loan they took was therefore, used as a startup capital and invested on livestock fattening as an income generating activities. In addition, few of the study participants took loan to expand their small business while, some others reasons were attributed to low loan interest and

membership fee (only 10birr) compared to other financial institutions and to meet household consumptions.

For instance, an interview with 32 years old Credit Officer of Adama Brach revealed that;

The majority of our members are women who were previously unemployed but want to engage in own income generating activities, so they got small credit to start up business. Some also got small scale loan to expand their business they were doing before.

Likewise, 26 year old woman FGD participant explained that;

Before joining OCSSCO I did not have a job. Following my membership in the institution and organized as a group, I was able to secure loans and started my own business. So, the loan is utilized for self employing business.

Some of the respondents further described that relative low loan interest rate as a reason to secure micro loan and invest on several income generating ventures. For instance, during the in-depth interview, one of the respondents noted that the interest rate of the loan we got from OCSSCO is relatively fair compared to local money lenders. She further explained the situation as follows;

Previously, I used to borrow money from local money lenders with high interest rate. However, currently I got loan from OCSSCO as a group to invest the money on oxen fattening business. We got the money and shared it amongst ourselves as a member of the group. And after sell we are required to pay back the loan with interest. The interest rate applied by the OCSSCO is smaller compared to the private lenders.

However, the data from the FGD participants (for instance one of the coordinator of a group who are engaged in livestock fattening) stated that the interest rate is high. She mentioned that;

We are paying the interest quarterly until we finalize the loan and the interest. For me rather than paying quarterly I prefer to pay at the end of the year and the interest rate we are expected to pay is too much for me and created the feeling that we are working for the benefit of the MFI and not for us.”

In addition, another participant of the FGD and in-depth interview revealed that they faced challenges related to borrowing money from private money lenders before joining the MFI. Those who used to borrow money from private money lenders were encountering problems in the repayment criteria and high interest rates. In addition, if the borrowers failed to settle their debts within the specified time, they suffered threats from the lenders.

A 37 year old woman respondent, who is a widow, described the following situation during the FGD;

I am head of the family and I have four young children. My children sometimes go to sleep without eating dinner for the problem we had in the family. And then, I borrowed money from a private lender for urgent needs in my family. Shortly after I took the loan, the lender started pushing me to settle the debt earlier than previously agreed. They threaten me to double the interest rate if I failed to accept the new date. He also threatened to seize my household equipment if I did not comply with his directive. I had no option but to plead for money from others and pay the debt as I suffered stress and my health started to deteriorate following this situation.

One of the in-depth interview participants also added that humiliation from relatives, friends and neighbors due to taking loan and failure to repay on time. A 39 years old woman, who is married, explains the humiliation she experienced as follows;

I was forced to borrow money from my neighbors to support my family and fulfill home necessities because I did not have a job and my husband was laid off from his job. Begging money now and then and sometimes failing to pay it back was a source of humiliation for me and one day on kebele meeting I heard the information about OCSSCO and become member of the institution for the last two years.

Thus, the researcher observed that there were variations in respondents 'reasons for borrowing micro-loans. The reasons mentioned by respondents were linked with their respective need(s) and at a glance business was one such outstanding reason mentioned by respondents. Access to micro credit for business is seen as a vital to women's ability to earn an income, as the borrower is able to realize some profit from business (Mayoux2002). Credit access fills the depression of the financial inadequacy for majority of the low income people. As a result, women empowerment, their self confidence, and status within the household are closely related with increase in their income and business ownership (Brehanu 1999). This means that micro-loans empower poor women to take part in income generating activities and as a result this improves the welfare of the poor household members and low income earners. Indeed without the intervention of small loans, many poor household members seems not able to start up businesses, meet the physiological needs like medical care, food and school fees among others.

The researcher further noted that with the shift from private money lenders to MFIs, the institution currently played a vital role in detaching clients from local money lenders, high loan interest and prevalent abuses. Respondents indicated that relatives and friends seems not a

reliable source of credit as they might not have the money when needed. In addition, clients were afraid to take money from other sources other than their friends and relatives for fear of gossips. In this regard, MFIs help them to get money when needed without fear as long as they are fulfilling the requirements of the institution.

4.2.2 The Rounds of Loan Taken by the Clients and Loan Received Time

The Table 4 depicts the survey results concerning time of loan received and loan rounds. Accordingly, about 26% of the respondents received first round loan in less than a year. While non of the respondents took loan for the second or third round within the year. According to the survey result however, between one to two years about half of the respondents received loan for second round. The survey result also shows that 22% and 1 % of respondents received only first and third round loan in one to two years. At aggregate level, about 73 % of the respondents received loan for the first and the second round while only 1% of the respondent received loan more than second round in one to two years. The findings of the in-depth interview shows that the reason why one third of the respondents remained in the first round loan. That is, most of the study participants who took first round loan faced difficulty of repaying the loan and earning better return from the loan. For instance, a 31 years old woman explained during the interview why she only took loan for the first time as follows:

I took first round loan of 3000 ETB from OCCSCO before 1 year ago for the first time. By adding small amount of money on the loan I took I bought donkey and cart for my child. He worked hard with the cart and helped me save both voluntary and compulsory savings for few months without difficulty. Sadly, one night my donkey found died and I was not able to continue my savings and faced difficulty to finish paying back the loan.

Now the money I took from the institutions takes me to further 'Eda' (literary means debt.) Therefore, I cannot ask for second round loan without finishing repaying the first round loan.

Similarly, a 25 years old interview participant also added that:

I took a loan of 2000.00ETB from OCCSSCO and I used the loan to support my disabled father and two young sisters. So to pay back the loan I was engaged in the daily labor work and the money I get from it is not sufficient to pay the monthly payable loan and interest. So that I quitted paying and saving in the institution.

Similarly, another participant of FGD mentioned that she used the first round loan she secured for home consumption. As a result, she failed to save and pay monthly loan repayment interest and failed to secure second round loan.

Thus, as a result of those factors most of the respondents could not secure loan for more than two times between one to two years.

Table 4. Cross tabulation of Loan Rounds and Loan Received Time

| The period of that the respondents received loan | time of loan received | | | Total |
|--------------------------------------------------|-----------------------|--------------|-------------|-------|
| | first round | second round | third round | |
| less than a year | 26 | 0 | 0 | 26 |
| between 1-2 years | 22 | 51 | 1 | 74 |
| Total | 48 | 51 | 1 | 100 |

Source: survey data result, 2016

4.2.3 Loan Payment Period of the Respondents

Oromiya Credit and Saving Share Company MFI provide agricultural, micro business and startup capital loans to its diverse customers. Loan size and its repayment rate vary according to the types of credit services provided. As it is shown in the Table 5 below, most of the respondents that account about 42% have been paying their loan on annual basis. The next 30% and 25% of the respondents have been paying their loan on monthly and quarterly basis respectively. The remaining 3% of the respondents have been paying their loan on bi annual basis. It is mainly due to the types of loan clients received and the parallel repayment agreement made with OCSSCO made things possible. Loan repayment policies of OCSSCO stated that repayment for all agricultural and micro business range between three months to one year based on the types of activities financed. Two to three years is the entire repayment period but clients who received loan in the form of small scale business have to pay on monthly basis. It was also cross-checked from OCSSCO secondary data (comparing the types of credit received and repayment schedule) on the clients list so as to validate the consistency of loan term policies and practices on the ground; which confirmed similar results with the field survey.

Table 5. Loan Payment period of the Respondents

| Repayment Period | Frequency | Percent (%) |
|-------------------------|------------------|--------------------|
| Monthly | 30 | 30 |
| Quarterly | 25 | 25 |
| Semi annually | 3 | 3 |
| Annually | 42 | 42 |
| Total | 100 | 100 |

Source: Survey data result, 2016

4.3 The Economic Impacts of Microfinance

In this sub section an attempt has been made to present the study findings in relation to economic impacts of microfinance on clients. Respondents were asked about their situation prior to the credit program and the impacts of micro loan on the occupation, income, savings and asset possession as indicators of positive impacts of micro finance on the economic welfare of respondents. Having established the changes observed as a result of microfinance intervention, this sub section also explores the reasons for the changes. The responses collected from the respondents are presented and analyzed as follow.

4.3.1 The Impact of OCSSCO on Occupation

Improvements in the occupation of women such as diversification or getting engaged in income generating business with better return could be accepted as indicators of positive impact of getting access to microfinance products. Based on the assumption, the respondents were asked the types of occupation before the credit and the changes or improvements in their livelihoods since they got access to micro loans. The survey result as it is presented in the Table 6 below, before securing loan from the institution, the majority of the survey respondents reported that they were housewife (61%) followed by unemployed groups (21%) and followed by those who were running private business (9%). While the other 5% and 3% of the respondents were government employee and student respectively. Thus, the vast majority of the respondent's occupation prior to joining MFI was housewife followed by unemployed groups. However, the situation was changed after the micro finance intervention. That is to say, the majority who were housewife and unemployed before getting access to the micro loan service got an opportunity to start micro business activities and engaged in self employing occupation. This is because of the fact that the institution created an opportunity to get access to loan services.

The researcher further examined responses from key informants and FGD participants and most of them revealed that the reason for the improvement of their occupation was mainly attributed to micro loans they had got from OCSSCO and investment on income generating activities.

For instance, 37 years old women explained that;

Before two years ago I used to stay home as home maid. Whereas after joining OCSSCO and took loan and get started animal fattening and selling as an income generating business. So, now I am running my own business”

Likewise, another woman during the interview said that;

Prior to loan I was serving in the home. However, after we had formed group consisting of five members and each of us secured loan of 1500.00ETB and I began rearing and selling goat with the loan we secured from the institution. Thanks to the OCSSCO, the credit enables me to start and expand business.

Table 6. Distribution of Respondents by their Occupation before and after the Credit

| Occupation | Before credit | | After credit | |
|---------------------|---------------|---------|--------------|---------|
| | Frequency | Percent | Frequency | Percent |
| House wife | 61 | 61 | 23 | 23 |
| Unemployed | 21 | 21 | 0 | 0 |
| Student | 3 | 3 | 2 | 2 |
| Government employee | 5 | 5 | 3 | 3 |
| Private business | 9 | 9 | 72 | 72 |
| Others | 1 | 1 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 |

Source: Survey data result, 2016

Based on the change in women's occupation vis-à-vis the previous situation as one indicator; assessment was made on the types of activities in which women were engaged after credit program. Accordingly, the study revealed that clients were engaged in diverse income generating activities as a result of the access to credit program. Accordingly, the vast majority of the respondents were engaged in agricultural activities and livestock fattening and selling. A 39 years old woman, during the in-depth interview speaks how access to credit program helped her to improve her economy. She said that they (with the rest of group members who took loan) received 45 thousand birr initial group based loan and used it to start livestock fattening as self employing and income generating activity. According to her, the money they borrowed was used to purchase livestock for fattening, fodders (Furshkelo, Fagulo, molasses, maize strove, wheat strove, dry grass), feed trough and other equipments to fatten animal and sell it with better price within short period of time.

According to her after they purchased the livestock with very cheap price between 2500- 5000 birr and fattened and sold them during lean season with three months interval with considerable profit (8000-1200 birr sell). Such activity allows them to get income source and profit, successfully repay their loan and secure second cycle loan and she further said;

Prior to getting loan I was house wife having five children. I was totally dependent on the small amount of money that I get from my husband to sustain and feed my family.

Now thanks to the OCCSCO, after I have joined the institution I become employed, start to earn money and got a chance to control over my own income.

The result of the study also revealed that some of the clients were engaged in diverse income generating activities like selling of local drinks like “tela”and “areke” while some other

respondents still engaged in crop selling trade side by side. According to the respondents, the rationales are diversifying sources of income and switching between activities depending on the weather conditions and cash crop seasons as a strategy. When asked the reason why women prepare local drinks, it was found out that they offer additional sources of income. The activities are time bounded dependent on the weather conditions. Clients, therefore, do these activities when the weather is not harsh either in the morning or in the evening. I personally observed and be able to realize the scenario where majority of women have been engaged in more than one type of income generating activities side by side.

Table 7. The Type of Activities the Respondents Engaged After the Credit

| Types of activities | Frequency | Percent |
|------------------------------|------------------|----------------|
| Farming | 3 | 3 |
| Petty trade | 6 | 6 |
| Crop sell | 2 | 2 |
| Livestock fattening and sell | 87 | 87 |
| Others | 2 | 2 |
| Total | 100 | 100 |

Sources: Survey data result, 2016

4.3.2 Effects on Monthly Income: Monthly Income before vs. after Credit Program

One of the immediate impacts of availing access to micro-credit from the micro financing program is on income of clients. Thus, taking part in microfinance program may have a positive role on the economic welfare of clients. Households with higher income levels have more

choices, can better meet their basic needs, and enjoy broader opportunities. And the change in the household welfare may be evident in the diversification of income sources and in the trend of income in the food security, in the education of children and access to health facilities, employment opportunities, and the ownership of assets.

Table 8. Distribution of respondents by their income before and after credit

| Income/Birr | Before credit | | After credit | |
|----------------|---------------|---------|--------------|---------|
| | Frequency | Percent | Frequency | Percent |
| less than 200 | 52 | 52 | 22 | 22 |
| 201-600 | 16 | 16 | 13 | 13 |
| 601-1000 | 17 | 17 | 20 | 20 |
| 1001-1500 | 11 | 11 | 7 | 7 |
| 1501-2000 | 4 | 4 | 22 | 22 |
| More than 2000 | 0 | 0 | 16 | 16 |
| Total | 100 | 100 | 100 | 100 |

Source: Survey data result, 2016

Accessing micro-finance services has an expectation that leads to increase in the beneficiary's income. Thus, in order to identify the role of OCSSCO's service on the income of its clients, the study participants were asked to state their income before and after participating in the micro finance program in the last two years. The field survey result tells that 52 % of women had

monthly income ranging between 1-200 birr; nearly 33 % of women were earning a monthly income ranging from 201 birr to 1000 birr and the remaining 11% and 4% were earning more than 1000 birr and 2000 birr respectively. After the credit program almost half of the women came out of their previous monthly income (1-200 birr) and joined to the next income categories i.e. the remaining few still earning similar income after credit due to various reasons. When one sees the transition of women from their income before the credit to the income after credit could understand that there are changes.

The above comparisons indicate that some of the clients have managed to increase their incomes as a result of joining the microfinance program and get startup capital for income generating micro business activities although few others still earn the same amount of income during both periods.

For instance, one of the respondents, who are engaged in Holland cow and milk renting activity, explains how the access to microfinance program had helped to improve her income. OCCSCO offered her loan of 300.00ETB and immediately she bought 3 sheep with average of 600.00ETB for fattening and she sold them after two month with profit of 750.00 birr from each sheep. Repeatedly, she bought and sold the sheep in a year for more than three times in which she bought cloth and feed the family beyond loan payment. On the fourth round, her saving is increased and the amount of loan offered to her also increased, she added small amount of money from her relatives. So, she bought a Holland cow in which currently it gave her calf and milk.

Likewise, for few clients microfinance can be a cause for radical change for their income and economy in general. One of the Participant of in-depth interview described how her income was changed by the opportunity she conquered as a result of loan taken from OCCSCO that:

I used to collect and sell firewood to feed my four children before joining OCSSCO. Once upon a time, I heard the information of OCCSSCO from my neighbor and took loan of 15 thousand ETB by making group of five individuals. By this loan my daughter began the process to go to Middle East and after three month, everything is succeeded and she was employed in Middle East as a house maid. After that, as a result of the money transferred by my daughter from Middle East, I bought four Holland cow and start milk renting business, and then I start to get huge profit and also my house equipments were changed. Now I am planning how to construct a house in the near future.

Similar to the above, the results of the FGD and in-depth interview revealed that the increases in income after joining the microfinance. However, contrary to the above, the other in-depth interview and FGD result also shows no change in the income of some of the clients after participating in the microfinance program. While few other respondents were not able to tell whether their incomes have actually increased or decreased after their membership in the microfinance.

A 30 years old woman who has been a client of the microfinance service two years ago and stated the situation as follows;

I was previously engaged in small business/trade and continued in the same business after I joined the microfinance. I have not seen any changes in my life after my

participation in the microfinance. I cannot say whether my income has improved or deteriorated after joining microfinance.

There are also clients who said that their incomes have decreased after they joined the micro finance. The results of the FGD showed how their income decreased after involving in microfinance program. A 45 year old with an experience of two years with the microfinance explained the loss she comes across in her business as follows;

Initially I was a house wife and my husband, who is a government employee used to give me half of his salary. However, after I get involved in the microfinance program and started business he reduced the amount by half and I started to contribute to my house. Initially the business was profiting and I was able to expand my business and settle my debts. However after few months I don't know what exactly happened I lost my customers and business and I ended up in debt leave alone to increase my income.”

Similarly, during in-depth interview, another respondent started the loss she comes across in her Business. She makes ‘Arake’ (local beverage) by investing 1000.00ETB. For the reason she doesn't know she failed to produce quality Arake. In the mean time, although she invested that much money excluding her labor she only sold to 400.00 ETB in which she lost 600.00ETB at once. But, the institution is not merciful in paying the loan back. So, she borrowed loan from her relatives to pay back to OCCSCO. Finally, she was overloaded since she was repaying back loan for both and she totally engaged herself in daily labor activity to payback loan.

Another participant of the FGD aged 42 years old and was member of the institution for the last two years, also revealed the loss that as a result of the death of cattle she bought for fattening and selling. She explained the situation as follows;

I borrowed 3000ETB to buy cattle and sell after few months of fattening. And sell it after three months fattening it with six thousand birr. I see how the business is profitable and bought two cattle again. However, this time for the reason that I don't know both of my cattle died. My income has generally deteriorated and stressed how to pay the loan back.

As can be seen from the above cases, although some income increases have been recorded for some clients after joining the microfinance, it is not possible to generalize that incomes increase with the delivery of microfinance. Income levels may or may not improve after the participation in the microfinance owing to various circumstances. There were even cases where clients find it hard to tell whether their income have increased or decreased after their involvement in MFI.

4.3.3 Rationale for the Increase of Clients Income after Credit Program

Women were asked the reasons for the increase of their income levels due to their participation in the OCSSCO program. The great majority of women suggested that the two main reasons for the increase in their income levels were increased profits from their self employing micro business activities and proper management of the profits. During the interview the respondents reported that access to market also had contributed for the rise of income. It showed that most of women confirmed that increased demand for the goods and services offered has also resulted in an increase in the income of the respondents.

Looking at the data about the reasons for the improvement of women income levels, the major reason includes: getting access to start up capital from the MFI and generating profit from the new business activities and proper utilization of the profits, access to market for the micro business products and increased demand for the goods and services (particularly livestock products) were the major contributing factors for the increase of women's income levels in the study area.

The results of the FGD showed clients with a pattern of an increase in income after participating in the microfinance. A 34 year old with an experience of two years with the microfinance stated as follows;

I was involved in small trade before joining microfinance. Following my membership in the microfinance, I was able to expand my business and settle my debts timely. My income has somehow increased after I joined the microfinance.

As can be seen from the above cases, although small income increases have been recorded for some clients after joining the microfinance, it is not possible to generalize that incomes increase with the delivery of microfinance.

4.3.4 Effects on Saving: Personal Saving Account before vs. after Credit Program

It is obvious that one of the expected roles of MFI is enhancing the saving skills of its clients. Taking this into consideration, the respondents were asked if they had saving accounts before the microfinance intervention and as it is presented on the Table below, the majority (83%) of women said that they do not have saving account before joining OCSSCO microfinance while, the remaining 17% of the respondents have personal accounts. Though, only very few participants of the FGD and in-depth interview used to save in the form of 'Ikub', most of the

respondents had no saving accounts prior to joining the microfinance program. Some of the respondents have explained that before becoming member of the microfinance they had no money and some other had a very small amount of money on hand to put it in bank.

However, as the participants stated during the in-depth interview and FGD their involvement in OCSSCO has helped women to get micro loan, training and self-employment opportunities to be engaged in diverse income generating activities and helped them to have personal saving account mainly out of their businesses. In addition, some of the women who have personal saving account in the institution reported that their savings has relatively increased after the credit program though they did not tell the amount of their saving and capital accumulations. 33 years old Participant of FGD explained the role of the OCSSCO on her saving as follows;

Before participating in OCSSCO I did not have money that is left behind to save. The opportunity of getting credit from OCSSCO and training from OCSSCO staffs helped me to understand the importance of saving and start not only compulsory saving but also voluntary saving.

In addition, a 39 years old client explained the situation as follows:-

I did not have any saving account before joining the microfinance. Since I had a very small amount of money, it seems waste of time to go to the bank and deposit it. In addition, I did not have extra time to go long distance to open bank account. My involvement in OCSSCO helped me to open a bank book and understand the importance of saving even if it is small amount of money. I now have personal account which allows me to deposit my savings upon settlement of the loan.

Furthermore, one of the key informants stated that “*the institution provides training on how clients can manage the loan, how to save, and the importance of saving and related matters.*” Thus, beneficiaries’ particularly those who earned return from loan financed business had been saving in the institution. However, the results found from the other FGD participants shows that some of the clients withdraw all or some amount of their savings then they again start to save while some other quitted. The savings might be used for various purposes yet equipping the customers with the skill of saving and its importance in eradicating the poverty can be seen as one of positive outcome of participating in the micro finance program.

Therefore, the findings of the study indicate that the intervention of the institution had helped the poor women to have saving accounts, to learn the importance and enhance the skill of saving and earning money. As stated in the review literature, the provision of saving facilities is one of the major advantages of microfinance. Although the savings might be smaller, it makes the women familiar with the benefits of the scheme. In addition, having some amount of savings is believed to help them build confidence and can serve as a positive sign of empowerment of women in household decision making.

Table 9. Distribution of Respondents by Saving Before and After Credit

| Saving | Saving before the credit | | Saving after the credit | |
|--------|--------------------------|-------------|-------------------------|-------------|
| | Frequency | Percent (%) | Frequency | Percent (%) |
| Yes | 17 | 17 | 95 | 95 |
| No | 83 | 83 | 5 | 5 |
| Total | 100 | 100 | 100 | 100 |

Source: Survey data result, 2016

4.3.5 Types and Places of Saving

Saving is one of the critical indicators of improvement in the lives of beneficiaries of microfinance program. Households with increased savings are believed to have better economic and investment capacities in addition to increased ability to withstand risks and challenging life situations. One of the objectives of OCSSCO, in this respect is increasing saving capacities of the poor households that it is serving.

As discussed in the earlier chapter saving is one of the components of OCSSCO, which is offered both for clients and non-clients. The Table below depicts that, half (50%) of respondents used compulsory saving while more than 37 % respondents used both voluntary and compulsory saving and the remaining 13% used voluntary saving. The reasons were being a pre-requisite for compulsory saving and individual's willingness to save in the institute. The study also shows that still very few of the respondents said that they save their money in the form of 'Equb' (a tradition form of saving in Ethiopia). When they were asked about the reason for using 'Equb', most of them has said that, *"it motivates and forces to work very hard in order to get the money specially if the money has already been taken and continue till it is over."*

Table 10. Cross Tabulation of Saving Type and Place of Saving

| Saving type | Place of saving | | | Total |
|-------------|-----------------|--------|--------|-------|
| | Bank | OCSSCO | Others | |
| Compulsory | 5 | 45 | 0 | 50 |
| Voluntary | 4 | 9 | 0 | 13 |
| Both | 15 | 14 | 8 | 37 |
| Total | 24 | 68 | 8 | 100 |

Source, Survey data result, 2016

4.3.6 Reasons for Saving

The participants of the study were asked reason for their saving in the institution and the main reason for the incidence of a significant number of clients who have personal cash savings is due to the exposure made possible by the loan program in terms of the training provided to participants. This helps to create initial awareness about the need to start and maintain savings. Similarly, the obligatory saving process inherent in the loan program gives the clients the requisite experience on how to practice both compulsory and voluntary savings. Moreover, their participation in the institution reduced the distance that used to go to find saving institution. The OCSSCO staffs once in a month go to the client's residential area, whilst the income generated from loan-financed business activities provides clients with an opportunity to save. Thus, saved money would help women clients to expand their businesses and to invest on new activities which could lead them to increase their income sources. In addition, women also use the saved money to make major purchases for their households.

Generally, the Table below reflects women's reasons for saving in MFI and other places after micro finance programs. Accordingly, the majority (52%) of the respondents said that they save mainly to pay the loan and the loan interest to the institution. About 32% of the women save to use it in time of difficulty, 8 women saved the money with the aim to expand their businesses in the future and wanted to know the profits from the businesses, and 8 women saved in banks cognizant of the interest provided for the saved money and other reasons. In general, according to the findings of the study the main reason for women's saving is to repay the credit and the interest to the institution and get another round loan. Thus, having some amount of savings is believed to help them build confidence to pay or secure loan or invest on various business ventures.

Table 11. Distribution of Respondents by Their Reasons of Saving

| Reasons for saving | Frequency | Percent |
|---------------------------|------------------|----------------|
| Loan repayment | 52 | 52 |
| Use in time of difficulty | 32 | 32 |
| To expand business | 8 | 8 |
| Others | 8 | 8 |
| Total | 100 | 100 |

Source: Survey data result, 2016

4.3.7 Effects of OCSSCO on Asset Ownership of Participants

In order to determine the impact of the microfinance program on the client's asset possession, the respondents were asked about the type of assets that they have owned as a result of the intervention of the MF program and the participant of in-depth interview and FGD mentioned the opportunities they get by the loan they secured from OCSSCO. Accordingly, the majority of the respondents reported that they at least made improvements in their household equipments i.e. have their own television, dish, radio and wooden bed. In addition, some of the respondents indicated that they have bought their own refrigerator. Likewise, participants of the in-depth interview and FGD said that their participation in the MF program created the opportunity to possess livestock's like Holland cow, goat and oxen. The participants of this study indicate that they own such assets as a result of the loan they secured from the institutions and their engagement in the income generating business activities. For instance, one of the FGD participants mentioned the opportunity she obtained in owning livestock as follows:

Before getting the loan I used to make and sell 'Areke' (local beverage) in my home.

However, after I get the loan I started rearing and selling goats with better profits in addition to what I was doing before.

In addition one of the key informants mentioned how the MF services played vital role in terms of improvement of her home as follows:

Prior to getting access to the loan I did not have money to buy home equipments. One day I took 3000 birr loan and bought three sheep to fatten and sold them after three months with higher profit. After doing the same business for three times then bought ox for fattening and sell with high cost. The profit from this business helped me to buy home equipments like TV, dish and other home equipments besides repaying my loan and the interest.

The respondents also added that repaired their houses and made the household improvement. The respondents indicated that the higher proportion of these home improvement and repair costs were covered by the income generated from loan financed business activities. Over all, the participation of women in the OCSSCO program contributed to an improvement in their asset possession. By providing them with an independent source of income outside the home, the loan program tends to reduce the economic dependency of some women on the household. In addition to the loan, income generated from business activities financed by the loan has helped some of the women to purchase certain assets as well as financing some home improvements, thus assisting to enhance financial independence. Thus, the increased control over asset ownership and material resources that has been made possible by the loan program should also translate into raising the self-esteem and prestige of these women when it comes to household decision making.

4.4 The Social Impacts of OCSSCO

In this sub topic, an attempt has been made to examine the social benefits and the use of micro-credit services in the study area. The basic principle of micro-credit services is to empower the powerless and property less members of society, such as women, youths and disabled who are inappropriately treated by the dominant members. The main interest of the study was to examine the relationship between micro finance and decisions making and related issues concerning borrowing micro-loans and control over micro-loans within the household.

4.4.1 The Impact on Access to Children's Education and Health

As children and other school age dependents of the poor households have marginal access to educational facilities, credit provision for income generating activities is expected to improve this Situation (Birhanu, 1999). The assumption is that households with higher income levels have more choices and broader opportunities so as to meet their needs and cover their school children's expenses.

Taking this into consideration respondents were asked to indicate if there is a change in the number of their family members attending school after credit program. About 40% of the respondents reported that there is relative improvement in the number of family members attending school after the microfinance services. Some of the responses from key informants and FGD participants revealed that accessing credit helped them to meet their children's school uniform, exercise books and other dues for their children at school. The reason was attributed to the return generated from the loan based micro business and women's financial capacity to cover the necessary children's school expenses compared to the condition before the microfinance

intervention. The other reasons were associated with the availability of public schools in nearby area and awareness about the significance of education.

However, about 48% of the respondents claimed that the number of family members attending school did not increase after the credit program. In other words, they reported that getting a loan from the microfinance institution does not bring the desired change on the number of children attending school. The main reason was attributed to the poor financial capacity of women to meet all the necessary school expenses. Furthermore, according to one of the FGD participants mentioned, the income generating business in which clients engaged appears to be an obstacle to send children to school. As she mentioned, this is because borrowers in order to pay the loan, loan interest and earn profit, they spend much time on their business than focusing on matters related to educating their children and they want some sort of support from their children than to send them to school.

With regard to the impact of OCSSCO on the client's ability to access and pay for medical facilities respondents were asked to indicate the benefits they had obtained after the credit. Thus, about 49% of the respondents suggested that there is an improvement in their ability to access and utilize health services after they got participated in the institution. The reason for the improvement in medical facility utilization was due to some improvement in income and savings and the existence of health center in nearby areas. On the other hand 51% of the participants suggested that their ability to get access to medical facilities has not been improved after the program.

Therefore, it is possible to say that not all times and to all clients small loans yield positive impact to the borrowers. Some clients have benefited from using small loan, but on the other

hand others have not benefited positively as expected. Hence, the analysis of the outcome of micro finance intervention in terms of accessing better medical facilities and strengthening the capacity of women in terms of covering school expenditures of the clients household members should not be seen in one direction as only being positive, but the reserve also needs to be seen.

4.4.2 Change in Decision Making

Studies in the literature suggests that access to credit empower women by increasing their autonomy and decision making ability within the household (Cheston and Kuhn 2002).The study analyzed whether women or men alone or both men and women in the household equally decide on matters related to using the micro credit facilities. Concerning taking credit, the finding of survey result shows that about 38% of women make joint decision with their husbands and 25% of women made an independent decision or mostly decide by themselves. While, 24% of women said the decision was made either mostly or totally by their husbands in deciding over taking the credit. On the other hand, 13% of women mostly those respondents who have no husbands said that they decide together with their extended family members or relatives.

Regarding using the profits generated from the loan financed income generating activities; the survey result reveals that the majority (50%) of women made joint decision with their husbands, while 17% of the respondents decide by themselves. But, 18% of women reported that the decision is made either mostly by their husbands or totally by their husbands when it comes to using the profits. The remaining (13%) respondents make the decision in consultation with their household members such as elder family members.

Decision regarding business management, the survey result data shows that about 44% of the respondents made decisions independently and mostly wife alone and about 35% of the

respondents mentioned the opposite. Nearly 42 % of women reported that they made independent or partially independent decision on household expenditures such as children education, health services expenditure, food, and other household issues. The next 28% and 17% of the women made their decision jointly with their husbands and by their husbands respectively. As a whole, the findings of the study show that women take the lead when it comes to decision on household expenditures and business related burdens. However, male tend to be more involved in sharing the profits than the burdens.

Table 12. Distribution of the respondent's issues related to decision making

| Decision makers | Taking credit | | the Using profits the | | Business management | | Household expenditures | |
|-----------------|---------------|-----|-----------------------|-----|---------------------|-----|------------------------|----|
| | Freq | % | Freq | % | Freq | % | Freq | % |
| Wife alone | 18 | 18 | 17 | 17 | 21 | 21 | 17 | 17 |
| Mostly wife | 7 | 7 | 2 | 2 | 23 | 23 | 25 | 25 |
| Husband alone | 10 | 10 | 9 | 9 | 21 | 21 | 3 | 3 |
| Mostly husband | 14 | 14 | 9 | 9 | 14 | 14 | 14 | 14 |
| Jointly | 38 | 38 | 50 | 50 | 7 | 7 | 28 | 28 |
| Others | 13 | 13 | 13 | 13 | 14 | 14 | 7 | 7 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 94 | 94 |

Source: Survey data result, 2016

The in-depth interview and FGD result also showed that a significant number of women who operate small business make joint decisions with their husbands when the decision involves complex matters or where the husbands permission or agreement is required. However, there are also respondents who indicated that still there is a great presence of male domination with related to decision making. Those respondents who decide by themselves did not tell about the loan to

their husbands mentioned two reasons. One is because of fear and believes that their husbands would refuse to allocate or stop giving them money for household expenditure once the wife becomes a member of MFI. The other reason was linked with the fear that the loan might cause family disagreements and conflict if the wife is unable to pay back the loan. For instance, a 41 years old woman stated the following;

I even did not tell my husband that I joined the microfinance. This was for fear that he would stop providing money for the household expenses.

To the contrary, the other 30 years old participants of the in-depth interview stated that her husband knows about the microfinance but he is not involved in taking the loan, its repayment as well as managing or utilizing the money. She states that;

My husband knows that I use the money from the microfinance to support the family. He basically has no say on the money. I decide on the money and hold sole responsibility for the repayment.

On the other hand, there are cases where the husband fully shares responsibility in the taking and repayment of the loan as well as the management and decision about it. A 29 years old woman explained as follows;

We discuss and jointly decide on all issues. I joined the MFI with his full agreement and jointly decide on the money. We also share the responsibility of debt repayment.

The researcher further examined responses from FGD and in-depth interview participants whether their involvement in the microfinance program had increased or decreased their decision making power or remained the same. The majority of the respondents agreed that their decision

making powers have remained the same before and after they joined the microfinance. For instance, a 27 years old woman said that, *“we make decisions jointly both before and after I joined the microfinance. There are no changes in this regard.”*

In contrast, to the above, during the interview a 50 years old women replied that, *“I only participate in decisions regarding the use of money secured through microfinance. All other decisions are solely made by him.”*

In addition a 43 years old woman also added how her participation in the MFI program could not brought significant change in her level of decision making as follows;

My husband somewhat involves me on decisions relating to our children. Otherwise, he is the one who decides on all household issues before and after I have been member of microfinance.

Thus, the above findings show that husbands hold most decision making power particularly among the older women. Microfinance helped the women to enhance their economic status and made decision on using the loan to their household expenditures. However, it did not brought desired change on the women’s decision on other issues such as business management and household expenditures.

Therefore, one can see that microfinance has provided opportunities for self employment through the delivery of finance. As a result the client’s incomes have increased. Improvements are also observed in clients saving practices. Furthermore, the women have managed to decide on the loan either by themselves or jointly with their husband. However, the situation is not the same for all clients. In this regard, there are clients whose incomes have deteriorated or who do not save money or even do not engage in any profiting business after joining the microfinance.

Nonetheless, looking at most of the clients, participation in microfinance had a positive sign towards economic enhancements while it seems unsuccessful to bring desired change in terms of changing women's decision making power on matters related to business management and household expenditures.

4.4.3 Level of Domestic Violence after Credit Program

Mayoux (2001) and Schuler (1996) reported that women access to credit is likely to free women from abusive marital relationship and reduce the vulnerability to domestic violence. In other words, Kabeer (2001) suggests that access to credit program is associated with an overall reduction of the incidence of violence against women. However, results of this study revealed that about 37% of women reflected that the incidence of domestic violence has increased as they participated in the microfinance intervention while, about 25% of the respondents reported that there is reduction of incidence of domestic violence after the credit. This is because the intervention of micro loan enabled women to expand and develop their income generating activities, enhances the bargaining power of women and interests within the household and support payment of household necessities like food, medical care and education among others, there by contributing to the welfare of the household.

The data further indicated that nearly 38% of women prefer to keep quiet and reported that domestic violence does not concern them. This is linked with unwillingness to report about the issue and their marital conditions. Therefore, to some of the women participation in the micro finance programs have brought them a reduction (25%) in the incidence of domestic violence when compared to the situation before the program. However, for some others (37%) their

participation in the micro finance programs did not brought change in terms of reducing the level of domestic violence.

Table 13. Distribution of Respondents by the Incidence of Domestic Violence

| Incidence of domestic violence after the MF program | Frequency | Percent |
|------------------------------------------------------------|------------------|----------------|
| Increased | 37 | 37 |
| Decreased | 25 | 25 |
| It does not concern me | 38 | 38 |
| Total | 100 | 100 |

Source; Survey data result, 2016

The majority of the women particularly those who participated in the FGD prefer to keep quite or not willing to report issues of domestic violence. However, an attempt has been made to get data from the women that chose to provide feedback. For instance, a 35 years old woman explained how the MF intervention did not brought improvement regarding domestic violence the follows:-

Regarding reducing domestic violence that we women are suffering, I do not see any difference both before and after I joined the microfinance institution. My husband beats me when disagreements arise between us both before and after I joined the microfinance.

Additionally, another participant of the in-depth interview said that,

My husband keeps on discouraging and mocking at me after I joined the microfinance because he is not happy with it.

However, in some cases, the result of the study shows that, the level of violence has decreased for those women for which their situation was related to economic problems as microfinance has helped them to enhance their incomes. On the other hand, the situation has exacerbated for those women whose husbands are not happy with their income generating role. Hence, the level of domestic violence might increase or decrease with those women who prefer not to report (38%). As one can see here, MF doesn't brought desired change in the household gender relationship.

4.4.4 Women Workload after Credit Program

According to the study result, more than half of the respondents agreed that the work burden had increased after the credit program. This is due to the increased responsibility compared with their previous situation. For instance, prior to joining the microfinance those women were only responsible for domestic works had started working various incomes generating business. As most of the respondents both in the in-depth interview and FGD also mentioned, prior to the credit program most of the women mainly spend their time doing domestic chores, taking care of their children and participating in social association like '*Edir*'. However their participation in the microfinance program had obliged them to work hard and engaged in income generating business outside their home in addition to their home duties. For instance, a 36 years old participant of the in-depth interview stated how her involvement in the micro credit increased the work burdens as follows:

Before the credit I was obliged to make meal for my family, wash clothes and take care of my children and do all other domestic chores. However, after the loan I was also obliged to cover all other activities related to the business. I know that to pay back the loan I have to work hard.

Likewise, 30 years old FGD participants stated the following in explaining the work burden of women when they participated in microfinance intervention. She said

Early in the morning I wake up and make breakfast for our children and then I take the petty trade materials to the “Gullit” about 2 o’clock in the morning, then I had to stay in market selling the commodities till the sunset. As soon as I arrived home I again start doing various activities in the home in which this will continue through our life time.

The other, a 45 years old FGD participant also noted that she was over burdened with domestic works before she joined the MFI which has exacerbated following their membership. She stated her views as follows;

I was engaged in local drink sell before I joined the OCSSCO and hence was able to handle the domestic activities. However, I now also started petty trade and spend the whole day in the market to enhance my income and also repay the debts. I am also expected to handle domestic work when I return home. In addition, I have other social engagement such as ‘edir’ and ‘equib’. I really find it difficult to carry out all these activities.

Therefore, the findings have revealed that domestic work load increased after joining microfinance. This seems that a microfinance intervention does not implement actions to reduce

women's excessive traditional roles and responsibilities. On the other hand, the results of the study show that the work load remained the same for the remaining 44% of respondents both before and after joining MFI. The reason was mainly attributed to support from family particularly children and relatives. Women's increased workload is not necessarily negative for participation in the microfinance programs rather it could be positive if it is accompanied by rewarding socio-economic changes on women's status.

4.4.5 Change in Women Confidence after Credit Program

It is assumed that women's participation in micro finance programs bring radical changes in their confidence level. The focus here was to examine how the participation in the microfinance institution contributed to confidence in one's own ability to bring about change and to effectively and efficiently use micro credits. Taking this into consideration respondents were asked to indicate if their confidence is improved or deteriorated following their participation in the MFI. The study findings showed that the majority 28 % and 33 % of women reported that their participation in OCSSCO did not brought significant improvement in their confidence and did not know either it is increased or decreased respectively. However, about 38% of women reported that participation in OCSSCO helped them to be confident in their own abilities. The major reason was associated with the access to credit that enabled them to have their own source of income, self-employing business and the ability to purchase diverse household assets and participating in social life. The combined reasons allowed women to bring changes in their confidence level. In view of this, Cheston and Kuhn (2002) suggested that self-confidence is one of the most crucial areas of change for empowerment. Similarly, what Mayoux (2007) identified "power within" as one dimensions of empowerment seeing that awareness of life choices, possibilities of change, and confidence in one's own abilities to bring about change. Therefore

the result of the study indicated that there is a need for more efforts to fulfill this component of empowerment.

Some of in-depth interview and FGD further revealed that their self-confidence and value toward themselves has enhanced after the intervention of microfinance. For instance, A 28 years old women who used to be unemployed before joining MFI said that,

The fact that I now engage in self-employing business has itself enhanced my self-confidence.

The following also has been noted by a 29 years old woman;

I am encouraged with the changes brought in my family after I joined the microfinance. From the return of the business I had paid loan interests among others. This gives me strength and confidence that I can work and improve my living.

Likewise, a 35 years old FGD participant respondent stated that;

Although my husband is not happy with the contribution I make to the household, my self-confidence has increased because I have realized that I can work and become economically independent.

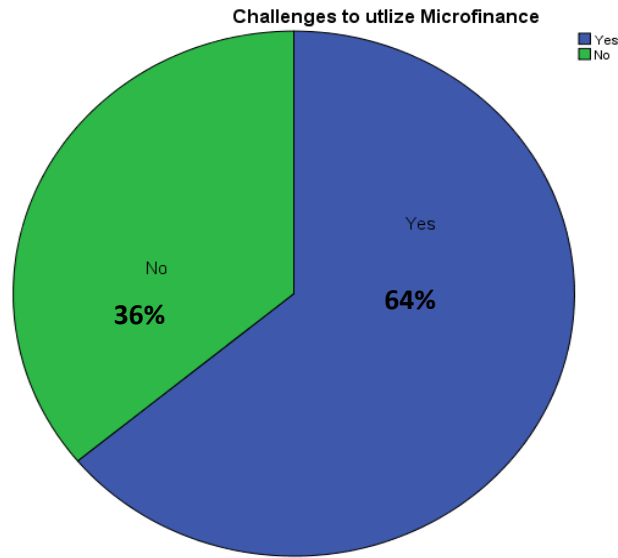
All in all, according to the results found from the FGD and in-depth interview the self-confidence of most of the women has enhanced after their participation in microfinance. This is a very basic requirement of empowerment in household decision making power as the women would be encouraged to work hard and improve their lives as their self-confidence enhances.

4.4.6 Challenges Women Faced in the Accessing and Utilizing Microfinance Services

While the empowering potential of microfinance program remains strong, the evidence of challenges, ineffectiveness and limitations of the potential is equally compelling. Although microfinance has the ability to empower women in household decision making, the connection is not straightforward or easy to make. Significant research and evidence suggest that this link is certainly not automatic (Kabeer 1998; Mayoux 1998). Just handing money to women and giving them access to financial assets and resources creates a new set of challenges for women, thus balancing the experience of empowerment with the experience of extra burdens. Others argue more strongly that access to microcredit actually impacts women's household decision making experience negatively by leading to a certain kind of disempowerment. Yet another set of analyses indicates that the goals of microfinance and its empowering potential are intrinsically of conflicting natures. The argument is that focusing on women's empowerment in household decision making leads to dilution of efficiency and sustainability of microfinance's and these results in reluctance to focus on women's decision when designing their systems and program.

In this study a critical examination of the challenges encountered by respondents in accessing and utilization of micro credit facilities was addressed. The figure 3 below illustrates the survey responses with regard to challenges.

Figure 3 Challenges Faced by Respondents in the Utilize MF services



Source; survey data result, 2016

As clearly shown in the above figure, the majority of the respondents that account about 64% reported that they have encountered challenges while accessing microfinance facilities. However, the remaining 36% respondents did not encounter constraints. After examining the existence of challenges the clients encounter while accessing and utilization of micro finance facilities, the respondents were asked to list the constraints they have faced, the result of the findings are summarized as follows:

A. Loan Diverting: Negligence of Clients

One of the challenges that the study participants in the study area faced was the use of the micro loan for other purpose rather than using for starting and diversifying income generating business. During the in-depth interview most of the study participants particularly those customers of OCSSCO who do not have income and solely depend on the loan for home consumption. For

instance, 37 years old, widowed women and acting as organizer of the group, during the in-depth interview mentioned that the challenge as follows:-

I lost my husband almost year ago. He was the only one who fulfills everything needed. Since his death I don't have another income source rather than the loan I took. I used the loan to feed and to buy clothes and sending my three children to school. So, to pay back the loan I was forced to engage in making and selling local beverage ('tela') and the money I get from such work is not sufficient to repay the monthly paid loan and interest and such kind of work could not help me to start saving. Therefore, now I am about to quite paying the loan and the loan interest and saving to the institution.

If loan is diverted to non-income generating purposes (such as consumption, clothing), it is expected that, the capacity to repay loan is limited. For instance, one of the respondents stated the situation by saying that she bought a uniform for her three children by the loan she received from OCSSCO. Then to pay back the loan, she engaged herself in daily labour work for full one year in which she faced health problem as a result of the work overload.

B. Challenge in Group Collateral Policy and Losing Property

The other challenge women faced in OCSSCO microfinance according to the findings is the group collateral methodology in which the group members are responsible for each other to settle the loan and sometimes became problem in individuals relationship and finally will lead to losing property. During the focus group discussion, one of the group participants expressed her discomfort about the group collateral policy as follows:

We took the loan by group consisting of twelve individuals; we paid back the loan for consecutive three months without any problem. But, on the fourth month one of our group members quitted repaying the loan. Me and other group go to her house and asked her to pay the loan but she replied that she has nothing to pay. So, we paid for her and that situation is too challenging for poor women like me. Finally, we take the case to the institution and we are waiting the response.

In addition, the other respondent mentioned the challenges of group collateral in affecting the individual relationships as follows:-

She took the loan with her two best neighbors and among the two neighbors one diverts the loan for other purpose and at the end of the month she was unable to pay back the loan she took to repay at intended time. She and the other group member were in trouble, although she paid back the loan with force of the institution, our relation is spoiled still.

C. Challenge in Business Activity

The study participants were asked if they faced a challenge in their business activity while they were working by the loan secured from OCSSCO microfinance. The respondents mentioned different problems they have encountered related to business failure. In general, some study participants encountered problem in their business activities like death of stocks (sheep, chicken), losing business customers, crop failure and others, imbalance of supply and demand in the “Gullit” or market, failure in producing the quality “Arake”.

D. Family Conflict

According to the findings from the in depth interview and FGD the loan of OCSSCO micro finance can be a cause for family disagreement when they are unable to pay back the loan. One of the participants of in-depth interview mentioned the challenge she faced from her husband on the loan she took from the OCSSCO.

As soon as I secured the loan from the institution my husband forced me to give him half of the loan I secured. I do not have another choice rather than giving him. And my husband drink alcohol by the money he took from me.

One of the participants of the FGD said that:

I took loan from OCSSCO a loan of 3000.00ETB and my husband, diverted the loan I took to another activity. When the time of repaying the loan comes, I asked my husband and he refused to give me the money. This is a cause for my family conflict.

E. Interest Rate

Concerning the interest rate, few clients were claiming that, the interest rate of OCSSCO microfinance is high. For instance one of the respondents said that;

Although the interest rate is low compared to the local money lender still the interest is high when it is compared with others operating in the Woreda.

Another FGD participant said that;

We are paying the interest monthly until we finalize the loan. For me rather than paying monthly I prefer to pay at the end of the year". However, some other participants mentioned that, the interest rate is reasonable.

F. Problems of Accessing Finance to the Poor

Findings of in-depth interview show that, the loan cannot be given to the poor individuals, unless they have collateral or fixed asset to be sold if the loan is not returned or the group member trust them and take responsibility on behalf of them. Even the local administration and the *Kebele* (lowest administrative unit in Ethiopia) did not take collateral or sign for them if the individual has fixed property. For this reason, most poor people were not able to access financial service. For instance, one of the participants explained what happened to her before three years as follows:-

I planned to borrow money from OCSSCO to start work in the “Gullit”. To secure the loan that I planned individually I have to provide collateral or join group, the group should trust me for they are responsible to repay loan if I did not pay back the loan. But amazingly I don` t get any one who take collateral on behalf of me including the Kebele administration. However, I secured the loan after a year with great difficulty.

Another study participant from of the FGD mentioned the challenge she faced in accessing loan from OCSSCO as follows:-

I was organized with other five women to take loan .when we began the process to take loan, we were asked to register any fixed asset we owned. Except me the five women registered land, house and cattle. The officers said to me that, if the five individuals signed for you, we can provide to you the loan. I was very irritated by the action. However, I took loan after six month by bringing individual who has formal job as collateral.

G. Bureaucracy

The respondents indicated institutional bureaucracy or complexity of working system. In other words, the inefficient service delivery system is one factor hindering women involvement in the micro finance programs. With regard to this, the majority of the beneficiary women suggested that bureaucracy was one factor. The main justifications behind are equated with the poor organizational working system as manifested in client selection criteria, time required to get the loan and other ups and downs. The combination of these factors revealed that bureaucracy is another OCSSCO related factor that was holding back women not to involve in the micro finance programs.

Chapter Five

Conclusion and Recommendations

5.1 Conclusion

Oromiya Credit and Saving Share Company is one of the microfinance institution in the country established chiefly to provide financial services to the residents of Oromia region. As the study result indicated that, OCSSO has set out objectives which can be seen from two different yet interrelated angles, i.e. credit and saving services. However, some of the objectives were found to be over ambitious. Saving (compulsory, voluntary) and revolving fund; credit services; trainings (basic and skills); monitoring and follow up were the major program components of OCSSO practiced in the study area.

Microfinance interventions have brought positive impacts in the improvements of economic status of women. Through the provision of loans to women, particularly to the poor, uneducated and who are not able to fulfill the collateral requirements laid down by other lending institutions, microfinance enables them to be self-employed. Consequently, some of the women have managed to increase their incomes. Microfinance programs also have improved savings of the respondents through letting access to saving services and income generating activities out of which they can be able save. In addition, the decision making power of the women on the return secured from loan financed business has enhanced following their participation in microfinance program. Thus, the findings of the study indicated that the delivery of microfinance have enhanced women's decision making power regarding economic aspect matters. 6

The findings of the study also indicated that microfinance program have a positive impact on personal empowerment of women as well. That is most of women have reported improvement in

their self confidence in relation to their capabilities to work on their own after the microfinance intervention. The improvement of self-confidence is considered to be a positive step towards their empowerment in household decision making. Furthermore, it can be said that women's involvement in microfinance program has contributed to the improvement of access to children's education and services although the result vary.

The study further revealed that the workload of the women has exacerbated after they joined the microfinance institution. This is because the women now carry-out the domestic, private and community activities.

Regarding the impact of microfinance on improving the decision making role of women, the study revealed that the joint involvement of husbands is more observed when it comes to decisions regarding the profits generated from the income generating activities. However, women are more involved in the decisions regarding household expenditures and business managements. From the interview and FGD result it was observed that younger women were found to be more jointly involved in making decisions than the older women.

As a whole, the delivery of microfinance has positive impacts in decision making of the clients at household level. Participation in microfinance has also enhanced the women's self-confidence and enabled them to realize their potentials to engage in their own income generating business and improve their household assets which are positive sign of women's household decision making.

5.2 Recommendations

- Beyond financial support, the contribution of microfinance services to household decision making should be enhanced through a combination of more effective support services of microfinance institutions, or linkages should be made with services provided by other stakeholders including organizations that work directly to enhance gender mainstreaming, challenge women's marginalization and subordination by helping to improve the household decision making roles of women.
- Microfinance institutions should work on reducing the interest rate, easing the loan procedure, and remove the clause that insists on getting the husband's permission for granting loan to woman so that women can be motivated to apply for loans.
- Men need to be informed about the importance of empowerment of women and their role in supporting the household. Therefore, men need to be supportive to their wives and should share work together with their wives rather than leaving all the household responsibilities on women's shoulders.
- As it was observed from the findings the loan size given to the client is not enough so as to run business and earn significant returns. It is recommended to upgrade the loan size considering the current situation or the purchasing power of money.

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**Survey Questionnaire for Oromiya Credit and Saving Share Company microfinance
women Beneficiaries**

The purpose of this questionnaire is to explore the extent to which women’s household decision making power is enhanced through Oromiya Credit and Saving Share Company (OCSSCO) MFI in Adama district. To draw some conclusions and forwarding possible recommendations, this might be helpful for making some practical interventions by the concerned bodies. So, your kind cooperation with honest responses is vital for the overall success of the study. The study is purely for academic purpose and the information you will provide is to be treated as confidential and cannot be traced to the person who provided them.

Part I .Background Information about the Beneficiaries

| | | |
|--------------------|-----------------------------------------------------------------------------------|--|
| 1. Age | | |
| Marital status | 1. Single 3. Divorced 5. widowed 2. Married 4. Co- habitation | |
| Number of Children | 1. Less than two 3. 5-6 2. 2-4 4. More than 6 | |
| Family size | 1. 1-3 3. 8-10 2. 4-7 4. Greater than 10 | |
| 5. Education level | 1. Non literate 3. Secondary | |

| | | | |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|---------|
| | 2. Elementary 5. Degree and above | 4. Technique school or diploma | |
| 6. Your occupation (before and after joining OCSSCO) | 1. Housewife 2. Unemployed 3. A student 4. Government Employed 5. Maid servant 6. Private Business 7. Others (specify)_____ | previous | Current |
| | | | |
| 7. Your Religion | 1. Orthodox 2. Muslim 5. Others (specify)_____ | 3. Protestant 4. Catholic | |

Part II: Loan and Repayment

| | | | |
|----------------------------|-----------------------------------------------------------------------|-------------------------------------------------|--|
| 10. Loan received period | 1. Less than a year 2. Between 1 -2 years | 3. Between 3-4 years 4. Greater than 5 years | |
| 11. Time of loan received | 1. 1st round 2. 2nd round | 3. 3rd 4. 4th | |
| 12. Type of loan received | 1. Agricultural production 3. Handcrafts 4. Other(specify)_____ | 2. Small scale business | |
| 13. Forms of loan received | 1. Individually | 2. In a group /groups | |

14. If your answer is in a group for Q# 13, what is your relationship with the group members?

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

15. If again your answer is in groups for Q# 13 would mention some of the criteria used by the OCSSCO?_____.

| | | | |
|---------------------------|-------------------------------------------------------------------------|---------------------------------------------------------|--|
| 16. Loan Repayment period | 1. Monthly 2. Quarterly | 3. Semi-annually 4. Annually | |
| 17. Reasons for loan | 1. Easy to take 2. Low interest rate 3. To strengthen my business | 4. I do not have alternative 5. Other (specify)_____ | |

Part III: Economic Impacts of OCSSCO

3.1. Activities and Income

| | | |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 18. Types of activities after loan | 1. Farming 2. Wood or metal work 3. Petty trades in market/ <i>gullit</i> 4. Crop sale 5. Livestock fattening and sale 6. Make and sell handcrafts 7. Others (specify)_____ | |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

19. In your view are there significant changes in your status/ income / assets because of using the microfinance facilities?

1. Yes 2. No

20. If your answer is “Yes” for Q# 19, what are the changes you have obtained from the proceeds of the microfinance facilities?

21. If your answer is “No” for Q# 19, why?

| | | | |
|---------------------------------------------|-----------------------------------------------|------------------------------------------------------|--|
| 22. Monthly income before the credit (Birr) | 1. Less than 200 2. 201-600 3. 601-1000 | 4. 1001-1500 5. 1501-2000 6. Greater than 2000 | |
| 23. Monthly income after credit (Birr) | 1. Less than 200 2. 201-600 3. 601-1000 | 4. 1001-1500 5. 1401-2000 6. Greater than 2000 | |
| 24. Comparison of | 1. Slightly increased | 5. Slightly decreased | |

| | | | |
|---------------------------------|-------------------------------------------------------------|-------------------------------------|--|
| changes in income after OCSSCO? | 2. Increased 3. Highly increased 4. Remained the same | 6. Decreased 7. Highly decreased | |
|---------------------------------|-------------------------------------------------------------|-------------------------------------|--|

25. If your answer is “Increased” for Q# 24. What are the reasons?

26. If your answer is “Decreased” for Q# 24. Why is it decreased?

3.2. Saving and Assets Accumulation

| | | | |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--|
| 27. Do you have Personal saving account | Before credit program | 1. Yes 2. No | |
| | After credit program | 1. Yes 2. No | |
| 28. Type of saving | 1. Compulsory 2. Voluntary 3. Both | | |
| 29. Place of saving | 1. Bank (s) 2. OCSSCO 2. Idir 3. <i>Equib</i> | | |
| 30. Reason for saving | 1. Loan repayment 2. To know the profit 3. Use in time of difficulty 4. To expand the business 5. For safety from theft and damage 6. To earn interest 7. Others (specify)_____ | | |
| 31. Use of saving in the last 2 years? | 1. Re-used for business 2. Used for ceremonial purpose 3. Did not use it yet 4. used for children’s education 5. Paid others loan(s) 6. Household expenditure 7. Made improvements for my house 8. Others (specify)_____ | | |

32. What are the types of assets you have bought after the OCSSCO intervention program?

3.3. Improvements at household decision making: Children education, health services.

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

1. Yes 2. No

34. If your answer is “increased” for Q# 33, why do you think it is increased?

35. If your answer is “decreased” for Q# 33. Would you tell the reasons?

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

37. If “Yes” for Q# 36. What are the reasons?

38. If “No” for Q# 36. Why?

39. Did your participation in the loan program bring you a change in your household decision making power? 1. Yes 2. No

40. If your answer is “yes” for Q# 39, how do you state the changes?

41. If your answer is “No” for Q# 39, why?

42. Who make decisions regarding different issues within the household? E.g: decision on utilizing the loan, the type of activity or business, kind of items should be bought, where to invest the credit facility , who should use the saving or how the money should be used

Part IV: Social Impacts of OCSSCO

| | | |
|------------------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| 43. Decision to take the loan | 1. Wife alone 2. Mostly wife 3. Husband alone | 4. Mostly husband 5. Jointly(wife and husband) 6. By myself (if not married) 7. others (specify)_____ |
| 44. Use of loan and its profit | 1. Wife alone 2. Mostly wife 3. Husband alone | 4. Mostly husband 7. Others (specify)_____ 5. Jointly(wife and husband) 6. By myself(if not married) |
| 45. Business management | 1. Wife alone 2. Mostly wife 3. Husband alone | 4. Mostly husband 7. Others(specify) 5. Jointly(wife and husband) 6. By myself(if not married) |
| 46. Decision on children schooling, health service, expenditure in household | 1. Wife alone 2. Mostly wife 3. Husband alone | 4. Mostly husband 7. Others (specify)_____ 5. Jointly(wife and husband) 6. By myself(if not married) |
| 47. Domestic violence after OCSSCO | 1. Increased 2. Remained the same 3. Decreased 4. Never at all | 5. It does not concern me |
| 48. Workload after OCSSCO | 1. Increased 2. Remained the same 3. Decreased 4. Never at all | 5. It does not concern me |
| 49. Change in your confidence after OCSSCO | 1. Confident 2. Decreased 3. Remained the same 4. I do not know | |

50. What are the social impacts that your participation in OCSSCO result you at your household _____
_____.

55. Are there any challenges you have faced in accessing and or utilizing the microfinance services?

1. Yes 2. No

56. If your answer for question 55, is 'Yes' please explain the problems you meet in utilizing the credit facility?

I - Interview Guideline for Women members

1. How did you get the information about OCSSCO?
2. What were your primary reasons for joining OCSSCO?
3. What have been your other sources when need for additional income arises?
4. What are your views on OCSSCO procedures regarding membership and loan taking? (Is that easy or not easy to meet on time and why?)
5. What factors do you think still impede women's membership in OCSSCO?
6. Apart from financial aspect, are there any skills and knowledge that you have gained through OCSSCO intervention?
7. Do you think your membership to OCSSCO has facilitated and improved your economic welfare and material ownership such as income and assets accumulation?
8. Do you think your membership to OCSSCO has helped to improve your status and decision making within the household?

Interview Guideline for OCSSCO Staffs

1. What membership requirements are involved?
2. What are the loan taking requirements and regulations?
3. What factors do you think influence women's accessibility to microfinance service?
4. What are the categories of loans available so as to enhance women's household decision making?
5. What non-financial services can members access from the scheme?
6. What does the scheme undertake as strategies to facilitate proper use of credit taken by the members?
7. Are there different rules for women with regard to membership, loan taking and repayment?
8. In what way does the management try to promote women participation in the service?
9. Given the rural women context, what changes in women's lives can you say as to have been attained from their access to micro-credit and the intervention undertaken?

FOCUS GROUP DISCUSSION

Age _____

Marital Status _____

Level of Education _____

Duration of Microfinance (MFI) Membership (In Years) _____

- 1) From where did you heard about the MFI before you joined it? What were things you heard about the institution?
- 2) Before joining the MFI, where did you use to borrow money from? If you had a source of credit, please explain the differences between the previous and the current source of credit.
- 3) What is your current income level in comparison to the one prior to joining the MFI? What about your savings?
- 4) Who decides on the use of the loan you take? How do you spend the loan?
- 5) Who is the head of your family? How do you view your husband's attitude towards your contribution to the household before and after you joined the MFI?
- 6) How do describe your husband's cash expenditure before you and after you joined the MFI? If you have noticed any change, what do you think are the reasons for it?
- 7) Is there any change in your household decision making power after your MFI membership?
- 8) Did you encounter any form of domestic violence from your husband before you joined the MFI? What about after your participation in the MFI? If yes, what do you think are the reasons for the situation?
- 9) How do compare your domestic workload before and after you joined the MFI? Why?
- 10) How would you compare your self-confidence before and after you joined the MFI? Why?