THE ROLE OF MICROFINANCE IN EMPOWERING WOMEN IN ADDIS ABABA

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LIST OF ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
CEDAW	Convention on the Elimination of Discrimination Against Women
EU	European Union
FGD	Focus Group Discussion
FGM	Female Genital Mutilation
HIV	Human Immunodeficiency Virus
HTP	Harmful Traditional Practice
MFI	Microfinance Institute
NGO	Non-Governmental Organization
UNDP	United Nations Development Program
WHO	World Health Organization

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 empowerment of women is also the basis for transforming lives at the household level and in the wider society. In this regard, the delivery of microfinance is one of the approaches to the empowerment of women. This study has the objective of assessing the impact of microfinance in the empowerment of women. It recognizes the multidimensional nature of empowerment as a process involving personal, social, economic and political dimensions.

The research was conducted at the Specialized Financial and Promotional Institution (SFPI). The researcher used both qualitative and quantitative methods to obtain a reliable data. Data were derived from a questionnaire survey of a sample of 373 women clients of the SFPI. In addition, three focus group discussions were conducted involving 18 women while in-depth interviews were carried out with another 12.

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 of self-confidence with respect to the capability to work on their own and improve their lives. On the other hand, there is no indication of an enhancement in the decision making power of women and in their political empowerment as reflected in respect for their legal rights, ownership of household assets and holding of political positions. In addition, the delivery of microfinance has failed to bring about changes in their decision making at the household level.

The study recognizes the limits of the transformative capacities of microfinance and it shows that financial empowerment does not necessarily lead to a transformation in gender relationships which is a basis for the overall empowerment of women.

Chapter One

1.1 Background of the Study

In spite of prevalence of the term empowerment, many people are confused as to what the empowerment of women implies in social, economic and political terms. Knowledge regarding the empowerment strategies such as integrated rural development, women's development, community participation and awareness building is even less clear. The attention given to women's empowerment is usually based on the premises that it is a role of microfinance status.

Women mostly suffer from poverty in many developing countries. Ethiopia, being one of the developing countries, the case is a burning issue in the country. Considering the above, the present research deals with the role of microfinance and empowerment of women in selected areas of Addis Ababa, Ethiopia. As stated by Harper, (1996) women every where, particularly in poor countries are seriously disadvantaged due to various reasons. While women handle a large part of the world's work, they receive a very small part of the reward of the work, in terms of money which they can control and social position. According to the World Bank (2001), gender inequalities in developing societies inhibit economic growth and national development.

According to Harper (1996), women empowerment differs from one country to another and between different income groups within each country. However, women's economic, social and political position is generally worse in poor countries as compared to the rich. *Women empowerment is giving the ability to generate choices and exercise bargaining power, developing a sense of self-worth, a belief in ones ability to secure desired changes and the right to control ones life (*Narayan, 2002:10*)*.

The introduction of microfinance in Ethiopia has been gradual with its initiation attributed to the proclamation in 1996 (WABEKON, 2006). It also states that prior to the

issuing of the proclamation, only a few NGOs and the Development Bank of Ethiopia offered limited and isolated microfinance services on an ad-hoc basis. According to Wolday (2006), as of June 2005, there are 26 microfinance institutions registered under the National Bank of Ethiopia with an active loan portfolio of about 1.5 billion Birr (173 million USD) delivered to 1,211,305 active clients. They also mobilized about 501 million Birr (58 million USD) savings. The clients served by the microfinance institutions in Ethiopia are mainly the rural people. In addition to that about 38 percent of the clients of microfinance service in Ethiopia are female category.

Microfinance institutions also provide benefits to women and play an important role in their empowerment. The goal of microfinance institutions as development organizations is to service the financial needs of un-served or underserved markets as a means of meeting development. It includes reducing poverty, empowering women or other disadvantaged population groups to create employment (Ledgerwood, 2000).

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 self-esteem, respect and other forms of empowerment for women beneficiaries. It is clearly visible that involvement in successful income generating activities should translate into greater control and empowerment (Narayan, 2002).

Recognizing the importance of investigating the impact of microfinance services on the empowerment of women, Specialized Financial and Promotional Institution (SFPI) has been considered for this study. SFPI is one of the earliest micro financing institutions in Ethiopia established in 1997. Its main objective is to enhance socio-economic empowerment of disadvantaged people, especially women, by providing them access to support services like credit saving and business training. SFPI provides both financial and non-financial services. The financial services include provision of credit and mobilization of savings while the non-financial service basically deals with small business training for the clients.

The Institution normally delivers loans for up to 12 months but it might be extended for a maximum of three years depending on the loan amount and type of activities. The size of loan given to the clients ranges from Birr 100 to Birr 15,000 and the repayment pattern is on monthly basis. SFPI usually follows the methodology of group lending, where borrowers form groups with 3-5 members and assume joint liability over the loan, although there are some cases of individual and cooperative lending.

SFPI mobilizes resources from incomes generated from its operations, donations secured from Save the Children, EU, and other NGOs. The Institution operates its programs in four branches and five sub-branches of the urban and rural areas of the country. SFPI currently serves 18,713 clients out of which 55 percent are women clients.

1.2 Statement of the Problem

According to the World Bank's gender statistics database, women have a higher unemployment rate than men in virtually every country. In general, women also make up the majority of the lower paid, unorganized informal sector of most economies. These statistics are used to justify giving priority and increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men. (www.genderstats.worldbank.org).

It is important to understand patriarchy in order to understand present day relations between women and men. Eshetu (2000) defines patriarchy as father rule, male domination on women's productive labor power, property and other economic resources.

"Empowerment of women and gender equality are prerequisite for achieving political, social, economic, cultural and environmental security among people" (Beijing, 1995). As it has been cited earlier, access to credit is an important mechanism for reducing women's poverty and to empower them. Both the Convention on the Elimination of Discrimination Against Women (CEDAW) and the Beijing Platform for Action (BPFA,

1995) address women's access to financial resources. For example, BPFA includes thirty five references to enabling poor women to gain access to credit.

As stated by Narayan (2002), in most poor countries, men's domination of women is strongest within the household. Access to credit and participation in income-generating activities is assumed to strengthen women's bargaining position within the household thereby allowing them to influence a greater number of strategic decisions. Ethiopia is also one of the poor countries where women have a low standard of living. This study looks into microfinance institutions as contributing to women's knowledge and self-confidence by widening their social networking. It also gives women the tools and skills they need to participate more effectively and successfully in formal politics and to informally influence decisions and policies that affect their lives.

Generally, this study deals with the role of microfinance in creating employment and income opportunities to women and subsequently in empowering them to play an active role in the economic, political and socio-cultural sphere in the study area.

The economic empowerment approach attributes women's subordination to lack of economic power. It focuses on improving women's control over material resources and strengthening women's economic security. Women may work in a range of areas, including savings and credit training and skills development, new technologies or marketing as well as provide such supports as child care, health services, literary programs and legal education and aid. The consciousness raising approach asserts that women's empowerment requires awareness of the complex factors causing women's subordination.

1.3 Objectives of the Study

The main objective of the study is to assess the impact of microfinance in the empowerment of women.

The specific objective includes:

- Identifying and reviewing the role of microfinance in empowering women economically.
- Identifying and reviewing the role of microfinance in empowering women politically.
- Identifying and reviewing the role of microfinance in empowering women socio culturally.
- Identifying the role of microfinance in relation to women's time, creating awareness and self confidence.
- Assessing the challenges of women clients in the microfinance institutions in the study area.

The study mainly aims at assessing the extent to which microfinance contributes to women empowerment in economic, socio-cultural at household level, political, knowledge, self-confidence and use of time. The study was designed in such a way that comparison of clients' empowerment levels before and after the intervention of microfinance is made.

1.4 Significance of the Study

The main objective of the study is to look into the role of microfinance in the empowerment of women. The findings of the study are believed to show the economic, political and social benefits of microfinance delivery to women in addition to its impact in enhancing their awareness and knowledge. Furthermore, the study also identifies the challenges women face with MFI. The findings of the study can be used by other researchers who might be interested to conduct further studies on the subject. In addition, the results of the study will serve as a source of information for people that need to know the role of MFI in the empowerment of women.

1.5 Limitation of the Study

The research work is limited to women clients of only one microfinance institute, namely SFPI. Hence, generalization of some facts and findings of the study may be limited to the specific institution considered in the undertaking. A large sample size made up of different microfinance institutions from within and outside Addis Ababa could have allowed for generalizations of the findings. Nevertheless, this research missed such opportunity due to financial and time constraints.

Chapter Two

Review of Related Literature

2.1 Theoretical Background

Women hold an equal or even a more powerful position under the communal mode of production. However, women's role and their corresponding power in the household and the community eventually diminished with the evolution of private ownership. The family also changes to a patriarchal one where women are treated as the property of men as the latter control property and manage to generate surplus. The rise of capitalism also further intensified men's control over women making the latter economically dependents on the former (Engles, 1942).

According to Engles (1942), the development of socialism and the socialization of housework are required to attain the full liberation of women. In addition, feminists should join the struggle against capital if the objective of women's liberation is to be met (Cliff, 1984). Liberal feminists call for the involvement of women in the public sphere while maintaining the existing class structures. On the other hand, Engles argued for the elimination of private property as the key to women's liberation (Friedan, 1963).

A number of Marxist feminist thinkers have conducted studies on the earlier kinship and economic models and the role of sexual and/or gender division of labor in support or against the social power of women (Reed, 1973).

Economic independence is called for by various theories to ensure the equality of women. Housework is denounced by the Second Wave Movement, including liberal feminists, because it is basically unpaid. It is insisted that such work devalues women and makes them dependent on men since it is not within the sphere of public economic production (Friedan, 1963). Feminists propose interventions to provide access to economic resources such as micro credit as a stepping point to promote the empowerment of women in the economic, social and political arena (Solomon, 1999).

2.2 The Concept of Empowerment

The term empowerment is used to refer to self reliance and self respect in order to enable each person reach his/her God given potential (Cheston and Kuhn, 2002: 12). They also state that empowerment is about change, choice and power. Empowerment is also considered as process of change by which individuals or groups with little or no power gain the power and ability to make choices that affect their lives.

Empowerment is also defined as a process through which women are able to transform their self perceptions-equivalent to alchemy of visibly transforming gender roles. *Empowerment generally involves change at three broad levels: within the household, within the community, and at a broader institutional or policy-making level* (Zafar, 2002:63)

According to Rowlands, (1995) the definition of empowerment is bringing people on the outside of a decision process into it. It is also considered as the ability to obtain an income that enables participation in economic decision making. Individuals become empowered when they obtain the right to determine choices in life and to influence the direction of change, through the ability to gain control over material and non-material resources.

The idea of power is at the root of the term empowerment. Power might operate in different ways (Oxaal and Baden, 1997). 'Power over' involves an either/or relationship of domination/subordination while 'power to' relates to having decision makings authority to solve problems. 'Power with' involves people organizing with a common purpose or common understanding to achieve collective goals where as 'power within' refers to self confidence, self awareness and assertiveness.

Power tends to accrue to those who control or are able to influence the beliefs, values, attitudes, behaviors and resources that govern social relations at both public and private levels. Empowerment of women processes tend to identify power in terms of the capacity

of women to increase their own self reliance and internal strength, and gain, and use power in alternative constructive ways (Oxaal and Baden, 1997).

Empowerment is usually associated with women not only because they have been historically disadvantaged in access to material resources like credit, property and money, but they have also been excluded from social resources like education or inside knowledge of some businesses (Zafar, 2002).

Access to resources does not by itself translate into empowerment or equality unless women acquire the ability to use the resources to meet their goals. For resources to empower women they must be able to use them for the purposes of their choice. The effective use of resources requires agency, which is, the process of decision making, negotiation and manipulation (Kabeer, 2005). Women who have been excluded from decision making for most of their lives often lack this sense of agency that allows them to define goals and act effectively to achieve them.

Movements which seek the empowerment of women as group increase opportunities available to individual women, and economic empowerment can increase women's status in their families and societies. The lack of empowerment, on the other hand, eventually slows down economic and political development, just as the lack of progress in meeting people's basic needs will limit empowerment because poverty itself is disempowering (Skarlatos, 2004).

Poverty is usually defined in relation to the capacity to meet basic reeds. However, in terms of a dynamic approach meeting one's needs today do not guarantee that they will be met tomorrow. Vulnerability refers to the basic uncertainty which surrounds the capacity of poor people to meet their needs on a regular and assured basis. Owing to a wider variety of risks and shocks, the poor appear to be more vulnerable than the rest of the society (Kabeer, 2005).

In addition to being economic phenomena, poverty and vulnerability are also social incident reflecting who people are. Dominant cultural norms and values in most parts of the world stress male responsibility for protecting and providing for household members and treat women as their life-long dependants. Men are basically given authority within the household and control over resources. On the other hand, women are assigned subordinate status within their households and the society. The risks faced by women increase with their increasing dependence on men. Generally, women are more vulnerable to poverty due to their economic, social, cultural status, caste, ethnic and religious values (Kabeer, 2005).

The United Nations Conference on Environment and Development (UNCED) agenda 21 mentions that women's advancement and empowerment in decision making including women's participation in national and international ecosystem management and control of environment degradation, as a key area for sustainable development (Wee and Heyzer,1995). (Fourth World Conference on Women, 1995), Development Alternatives with Women for a New era (DAWN, 1995), The international conference on population and development in Cairo (ICPD, 1994) and the Copenhagen declaration of the World summit on Social Development (WSDD, 1995) also treat the empowerment of women as the main objective of development which requires the full participation of women in the formulation, implementation and evaluation of decisions determining the functioning and well being of societies.

The World Bank has also identified empowerment as one of the key constituent elements of poverty reduction, and as a primary development goal (Malhotra et.al, 2000). The promotion of women's empowerment as a development goal is based on the dual argument that social justice is an important aspect of human welfare and is intrinsically worth pursuing. A similar dual rationale for supporting women's empowerment has been articulated in the policy statements put forth at several high level international conferences in the past decade e.g. (Beijing Platform for Action, 1995), (Beijing +5 Declaration, 2000), and (CEDAW,1979). However, no major development agency has developed a rigorous method for measuring and tracking

changes in levels of empowerment. It is, therefore, difficult for the international development community to be confident that their efforts to empower women are succeeding (Malhotra et.al, 2000).

The empowerment of women is essential for achieving the goals of sustainable development centered on human beings (Malhotra et.al, 2000). It also requires appropriate public polices to ensure that women enjoy all human rights and fundamental freedoms and participate fully and equally in all spheres of public life including decision making. Public policies to promote women's economic potential and independence and their full and equal participation in development are also essential for women's empowerment. Measures are also needed to ensure women's equal access to education and to training and retraining.

Women's empowerment should also reflect on their sexual and reproductive rights and health. An empowerment approach to women's health emphasizes women's individual sense of self worth connecting to the values they attach to their own health (linked to "power within") women's individual decision making over access to health care ("power to") and women's collective empowerment through organizing to make health services more accountable and to increase women's choice decision making and control over their bodies ("power with") (Cheston and Kuhn, 2002).

Furthermore, links between empowerment and health in general, and specifically for women are receiving growing recognition. Presentation made by WHO at the Fourth World Conference on Women at Beijing states that the empowerment of women is a fundamental prerequisite for their health. This means promoting access for women to resources, education and employment and the protection and promotion of their human rights and fundamental freedoms so that they are enabled to make choices free from coercion or discrimination (WHO, 1995).

Education plays a vital role in the social empowerment of women (Indian National Policy, 2001). The empowerment requires the provision of equal access to education for

girls and women. It also requires taking special measures to eliminate discrimination., universalize education, eradicate illiteracy, create a gender-sensitive education system, increase enrollment and retention rates of girls and improve the quality of education to facilitate life long learning as well as development of occupational/Vocational/ technical skills by women.

Empowerment is essentially a bottom-up process rather than something that can be formulated as a top-down strategy (Cheston and Kuhn 2002). It then follows that the empowerment of women basically rests on women themselves rather than development agencies. The empowerment of women involves women themselves setting the agenda and managing pace of change (Carolyn, 2003). Empowerment comes from within, i.e., women empower themselves. Other parties such as development cooperation agencies or NGO's can, however, play an important role in facilitating capacity building and networking.

Appropriate external support can be important to foster the process of empowerment. In this regard, development agencies can support women's empowerment by funding women's organizations that work towards addressing the causes of gender subordination by promoting women's participation in political systems and by facilitating dialogue between those in positions of power and organizations with women's empowerment goal (Carolyn, 2003).

Development activities have become closely associated with the promotion of women's empowerment, such as micro credit, political participation and reproductive health and much innovative work has been done in these areas. However, there are limits on the extent to which such activities are by themselves empowering (Cheston and Kuhn, 2002).

Empowerment approaches are utilized in a variety of development initiatives in addition to micro credit programs, democratization programs and leadership training programs. However, question has to be raised as to what constitutes empowerment and when is the program empowering and when it is not. For example, increased decision-making power

at individual level and greater access to economic resources of women does not necessarily translate into greater representation on power of women with in political institutions (Cheston and Kuhn, 2002).

Furthermore, empowerment in one area can not be sustained without attention to other facets (Cheston and Kuhn, 2002). For example, reproductive and sexual rights cannot be fully exercised where women lack independent economic resources. The promotion of empowerment also requires addressing organizational structures and processes in addition to policy frameworks. Empowerment is demonstrated by the quality of people's participation in the decisions and processes affecting their lives. For participation to promote empowerment it needs to be more than a process of consultation over decisions already made elsewhere. Strategies to support women's empowerment should encourage women's participation at all stages of projects including evaluation (Cheston and Kuhn, 2002).

2.3 Microfinance

Microfinance is a term used to refer to the activity of provision of financial services to clients who are excluded from the traditional system on account of their lower economic status. The financial services will most commonly take the form of loan and savings by removing collateral requirement and creating banking system which is based on mutual trust. (WWW.WIKIPEDIA.ORG)

Micro credit programmers aimed at empowering women have become popular among donors and NGOs. Development polices with the approach of women's empowerment through women organizing for greater self-reliance has also resulted in a change of policies for the enhancement of women's economic role. Since microfinance organizations have financial focus, they are expected to impact the lives of the poor (Kabeer, 2005).

Micro credit is about much more than access to money. It is about women gaining control over the means to make a living. It is about women lifting themselves out of poverty and vulnerability. It is about women achieving economic and political empowerment within their homes, their villages, their countries. (Beijing +5 Conference, 2000)

(Kabeer, 2005) states that in order to bring women's empowerment microfinance needs to help poor women address their daily needs as well as their strategic gender interests. It is recognized that strategic gender interests go to the very heart of the structures of patriarchal power: the abolition of a coercive gender division of labor; of unequal control over resources; ending male violence, women's control over their own bodies, the establishment of political equality and the ending of sexual exploitation (Molyneux 1985).

2.3.1 Targeting of women under microfinance

Most micro finance organizations target poor women and usually those from socially excluded groups. The reason for the targeting of women under microfinance schemes is the relationship between gender and development. Various researches conducted by institutions such as UNDP (1995) and the World Bank (2001) indicate that gender inequalities inhibit growth and development. Hence, acknowledging the prevalent gender inequalities and the impact on development, microfinance provides women with access to working capital and training to mobilize women's productive capacity to alleviate poverty and pave the way for development.

Women are basically the poorest of the poor. According to UNDP (2003) Human Development Reports, women make up the majority of lower paid and unemployed portion of most economies. It is believed that the welfare of a family is enhanced, when women are helped to increase their incomes. This is due to the fact that women spend most of their incomes on their households. Hence, assisting women generates a multiplier effect enlarging the impact of the family needs and, therefore, another justification for giving priority to them.

Another argument in favor of priorities to women is their efficiency and sustainability. Women are believed to be better in their repayment records and cooperativeness (Cheston and Kuhn, 2002). 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 (Beijing platform for action, 1995).

According to USAID (1995) financial institutions that offer deposit services are very attractive to women. If a gender –based organization is aiming to meet the preferences and needs of its clients, savings services must be an integral component of its program. Saving programs targeting at women have the potential to enhance economic empowerment since women make financial security safety and provision priorities in their households (UN Expert group on women and Finance, 1995).

As indicated previously, microfinance services initially target women. However, it is not sufficient only to cater to women clients to solve gender issues. A gender sensitive approach is inclusive rather than exclusive (Jahan, 1995). Gender sensitivity is assured when taking into account the needs and constraints of both women and men during the design and delivery of finance. On the other hand, the "women only" targeting approach might further exacerbate gender inequalities.

2.4 Paradigms of Microfinance Institutions towards Women Empowerment

Support for targeting women in microfinance programs comes from organizations of widely differing perspectives. Mayoux (2005) identifies three contrasting paradigms with different underlying aims and understandings and different policy prescriptions and priorities in relation to microfinance and gender policy. The three paradigms, namely the feminist empowerment, poverty reduction and financial sustainability, also have different emphasis in the way they perceive the inter-linkages between microfinance and women's empowerment.

2.4.1 Feminist empowerment paradigm

With a focus on gender awareness and feminist organization, microfinance is promoted in light of a wider strategy for women's economic and socio-political empowerment. In this regard, microfinance must be part of a sectional strategy for change that identifies opportunities and constraints within industries which can raise the prospects for women, when addressed. In addition, microfinance should be based on participatory principles to build up incremental knowledge of industries and enable women to develop their strategies for change.

2.4.2 Poverty reduction paradigm

This paradigm is touched by many NGO integrated poverty-targeted community development programs. The main focus of such programs is the development of sustainable livelihoods, community development and social service provision like literacy, health care and infrastructure. The programs typically target the poorest of the poor.

The strategies target women because of higher levels of female poverty and women's responsibility for household well-being. The assumption is that increasing women's access to microfinance will enable them to make greater contribution to household income which is believed to translate into well being for women and result in changes gender inequality.

2.4.3 Financial sustainability Paradigm

This underlies the models of microfinance promoted since the mid-1905 by most donor agencies. Large programs which are profitable and self supporting and that, compete with other private banking institutions and capable of raising funds from international financial markets, is the ultimate aim of such endeavors. Financial sustainability is seen

as addition to create institutions which reach significant number of the poor. The success of the programs is measured in terms of covering costs from incomes.

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.

2.5 Economic impact of microfinance

Women's access to credit is generally believed to result in their economic empowerment. 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)

The impact of microfinance on income has been observed to be variable. It appears that for the majority of borrowers income increases are small and even in some cases negative. This is due to the fact that most women invest in existing activities which are low profit and insecure. In addition, women's choices and ability to increase income is constrained by gender inequalities in access to other resources for investment in household responsibility and lack of mobility (Mayoux, 2002).

Hence, the presumption that access to credit automatically leads to women's empowerment 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 hider their access to and control of resources (Mayoux, 2002).

As mentioned earlier, access to microfinance, by and large, has a positive economic impact. 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.

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).

2.6 Social impact of microfinance

In addition to economic impacts, social changes also result from the work of micro finance 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.

The provision of financial services is directly associated with two specific sets of social relations. The first relate to interactions with the staff of the organizations which have the potential to bring change through training and other activities. The second set of social relations is those between members of the groups organized by microfinance organizations. However, these groups do not embody the same principles of organization or the same kind of relationships between members (Mayoux, 2005).

Child education also improves with the provision of microfinance. In this regard, the delivery of microfinance to women results in greater return as compared to men (Kaber, 2005).

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 increases when channeling loans through women's groups rather than to individual women (Goetz and Gupta, 1996).

Claims that participation in microfinance activities has implications for women's empowerment within the household were investigated by a number of studies with varying results. Intra-household decision-making was one commonly investigated indicator of women's empowerment. While there is evidence that microfinance can have an impact on women's role in household decision-making, it has not occurred evenly in all contexts or in all areas of decision-making (Cheston and Kuhn, 2002).

The other social impact of microfinance is on domestic violence. Domestic violence might reveal either a declining or an increasing trend with women's access to microfinance (Goetz and Gupta, 1996). The reason for the decline could be the increase in awareness among family members that provides women a public forum where they

discuss matters that were previously kept privately. On the other hand, according to the report compiled by (Rahman, 1999) an increase in domestic violence has been observed for 70 percent of 120 women borrowers of Grameen Bank (microfinance institute found in Bangladesh) following their involvement in microfinance.

2.7 Political impact of microfinance

Microfinance is viewed as an effective tool for overcoming the political exclusion of women (Cheston and Kuhn, 2002). The global average of women's representation in national parliaments remains low at 17 per cent as of 31 January 2007(UN, 2007). Women in government, parliament, the judiciary and other institutions serve as role models and thus as pull factors for other women.

There are a range of possible mechanisms to increase women's participation in political life with varying degrees of success (Byrne et.al, 1996). The first is the reform of political parties through quotas and other forms of affirmative action. Another mechanism is training to develop women's skills and gender sensitive working with women's political organizations is the other mechanisms to enhance their participation. Measures that can be taken by microfinance institutions to increase the quality of women's political participation include awareness raising, training programs for female candidates, the cultivation of links and networks between women in local government and quotas in NGOs and timing of meetings and provisions of child-care to fit with women's domestic responsibilities. Measures to increase the quantity of women representatives need to be accompanied by measures to improve the quality of their participation.

Even programs that are not explicitly addressing women's rights and political participation have had some impact on political and legal empowerment (Cheston and Kuhn, 2002). By contributing to women's knowledge and self-confidence and by widening their social networks, many microfinance programs give women the tools and skills they need to participate more effectively and successfully in formal politics and to informally influence decisions and policies that affect their lives.

2.8 Gender Based Microfinance Delivery

Women's access to financial resources has been substantially increasing over the years. However; their ability to benefit from the access in is limited by the gender related disadvantages (Skarlatos, 2004). In addition, despite their growing capacities, some microfinance institutions provide a decreasing percentage of loans to women. The loan size provided to women also appears to be smaller in comparison to men although both participate in the same program and belong to the same community. In addition to women's poverty levels, social discrimination against women results in smaller loan sizes in comparison to men.

Furthermore there are only a limited number of women in the leadership of microfinance institutions, which might be one reason for the biased loan access. However, regardless of the odds, microfinance programs still have the potential to transform power relations and empower the poor. Although microfinance does not address all the impediments to women's empowerment, it can contribute to their empowerment if properly implemented (Kabeer, 2005).

The goal of empowerment can be achieved through microfinance programs that are broad based, gender focused and financially sustainable. A gender based policy involves more than just targeting women. Creating gender- based policy involves a process through which an institution re-examines all of the underling structures and assumptions about gender roles, rights and responsibilities that have historically discriminated against women as borrowers and employees. It is also important for microfinance institutions to set guidelines pertaining to employee recruitment, promotion, roles and responsibilities. In this regard, the formulation and enforcement of the guidelines is expected to bring about positive social changes. Further more, involving women both as staff and borrowers has the potential for increased levels of economic empowerment and financial stability that will benefit the individual omen, their families and communities (Mayoux, 2002).

The following are some general considerations that should be made when designing programs with the aim of creating gender based strategy (Vyas, 2002). First, a program must contribute to the self esteem, confidence and competency of women. This is because women often find it difficult to express their concerns about harmful political and economic policies much less discuss their consequences for gender empowerment. Second, there must be a strong female contingency in the leadership and planning roles of microfinance program. Filling management positions with women would help to break the belief that women are not capable of handling jobs traditionally held by men. With proper education and increased self esteem, women will hare the ability to break traditional cycles of subordination and inherent cultural procession. Lastly, a microfinance program with a focus on gender must have an idea, founded on solid research and reliable information of the financial senses that will be most beneficial to women clients.

Agencies also need to develop approaches that provide opportunities for women to decide for themselves about their needs and interests and how positive change can be achieved. Promoting empowerment also requires some fundamental changes within agencies in reviewing their structures and procedures to increase their accountability to the women whose empowerment they aim to support. Generally, it is essential that empowerment strategies are designed to enable women to gain greater access to information, access and control over resources and the ability to make decisions themselves. (Kabeer, 2005)

In order to enhance women's access to credit, the establishment of new and strengthening of existing micro credit mechanisms and micro-finance institutions needs to be undertaken to enhance the out reach of credit (Cheston and Kuhn, 2002). In addition, other supportive measures should be undertaken to ensure adequate flow of funds. The promotion of women's political participation is an important approach to supporting their empowerment. This includes promoting women in government and national and local party politics as well as supporting women's involvement in NGOs and women's movements. Generally although women are found in large numbers in lower-level

positions in public administration political parties, trade unions and business, their representation in chief executive and economic areas is generally very poor.

Microfinance has also been strategically used by some NGOs as an entry point for wider social and political mobilization of women around gender issues (Mayoux, 2002). However, in most programs there is little attempt to link micro-finance with wider social and political activity. In the absence of this, it is not possible to measure the contribution of microfinance. To the contrary, there is the possibility that micro-finance and income earning may take women away from other social and political activities.

Chapter Three

Research Methodology

3.1 Research Method and Tools

In order to obtain the best results, the researcher used the method of triangulation. Quantitative as well as qualitative methods were also employed. While more emphasis was given to the qualitative method, quantitative analysis was used as a supplement to the former approach. Relevant research literatures such as books, brochures, articles, reports, etc. on the issues and roles of microfinance and women empowerment were reviewed and presented in this study.

With the objective of obtaining accurate quantitative information, a questionnaire was developed for a total of 373 respondents. The questionnaire was translated from English into Amharic since most of the respondents are not literate. In addition, only 70 of the respondents were able to complete the questionnaire by themselves owing to the illiteracy of most clients. With the majority of the respondents being either illiterate or barely able to read and write, three assistants were assigned to read and explain the questions to the respondents and fill out the questionnaire on their behalf according to the replies given.

Qualitative methods are usually employed for deeply rooted studies that attempt to interpret social reality (Roger and Nall, 2003). 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). 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.

Focus Group Discussion

Focus group discussion allows for a dialogue among participants and stimulates them to openly express their views on the issues raised. Since questions are raised to the group as opposed to the individual, the dialogue has its own peculiar flow (Roger and Nall, 2003). The focus group discussion is held among individuals of 6 to 12 persons divided into a 2 to 6 groups.

Rather than being a simple question-answer session, the discussion intends to grab information regarding the ideas and opinion of the group towards an issue. To fulfill the aforementioned objective, a discussion is initiated on a given topic among the members under the guidance of a facilitator (Jane and Lewis, 2003).

In this study, three focus group discussions were conducted with 18 women that are clients of Specialized Financial and Promotion Institution. The discussions were moderated by the researcher. The focus groups were consisting of clients from different areas of Addis Ababa; namely, Kirkos, Kera and Saris. The participants were selected and discussion arranged by staff of the institution that have direct contact with the clients and are able to identify those that provide more information.

The focus group discussions lasted from one hour to an hour and a half and the information obtained was generally very valuable. The ideas raised, the dialogue held and the cooperativeness of the participants was also very much appreciable. Although some appear to be shy and a few attempt to dominate the discussions, the moderator has basically managed to handle the sessions well.

In-depth Interview

An in-depth interview is a qualitative research technique that allows for a person to person discussion. Such discussion provides the opportunity to have a deeper understanding of ones beliefs, feelings, and behaviors on important issues. Since the

interviews are usually unstructured, they allow for inducing the interviewee to talk intensely about the topic at hand (Jane and Lewis, 2003).

Accordingly, in-depth interview was used in addition to focus group discussion in order to obtain more information 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. The questions raised during the interview deal with clients' personal background and issues such as economic, political, and socio-cultural empowerment etc.

The interviews were held with respondents that were proposed by staff of the Institution in different parts of Addis; namely Saris, Kirkos, Ras Desta, Mekanisa, Kera and Ketena Hulet. The researcher chose two potential informants from each place owing to time and resource constraints.

The privacy and confidentiality of the respondents was kept both during the interview and in the compiled reports. This is because sensitive issues such as domestic violence and various aspects of the MFI perceived by the clients as negative were raised during the interview. Most respondents expressed their ideas freely while a few showed reservations and lacked openness on some issues fearing that the researcher belonged to the MFI.

Most of the interviews conducted have been tape recorded while those made with four respondents had to be hand written as the respondents resisted tape recording. The potential informants were advised of the schedules of the interview in advance by the staff of the institution. The researcher explained the objective of the research work to the respondents prior to the interview. The interviews generally lasted from 30 minutes to an hour and 15 minutes.

3.2 Sampling Technique

This study has been conducted in Addis Ababa. Addis Ababa was selected because the researcher resides in the city, is fully acquainted with it and would be relatively easier to perform the data collection. In addition, the city was selected owing to financial limitations that hinder conducting the study outside of Addis Ababa.

The research work also limited itself to a single institution due to time and financial constraints. In this regard, Specialized Financial Promotion Institution (SFPI) was selected purposefully. The institution was chosen because of its wide area coverage with clients from Gofa, Kera, Ketena Hulet, Kirkos, Mekanisa, Merkato, Mexico, Ras Desta, Sar Bet, Saris, Shola and Urael. Basing the study on such a wide client base is believed to provide opportunities to obtain different sets of ideas, opinion and views that enrich the undertaking. In addition, the pledge made by the staff and management SFPI to provide the necessary cooperation in the course of the study was another reason for selecting the Institution.

The respondents of the study were purposefully selected to be entirely women. This was made in order to get information from their own experience regarding the effects of microfinance in their empowerment in the different circumstances.

Purposeful sampling method was employed to conduct focus group discussion and in-depth interview, which were the methods used for qualitative analysis. A typical in-depth interview should account for a small sample size which is less than 20 interviewees. The selected participants must also be people who are well informed about the issue to provide the information (Roger and Nall, 2003).

The staff of the Institution assisted in identifying potential candidates that could provide the required information. A selection was then made from among the clients proposed by the staff. Twelve clients, two each from Ketena Hulet, Kera, Kirkos, Mekanisa, Ras Desta and Saris, were selected for the in-depth interview. In addition, eighteen

participants from Kera, Kirkos and Saris were purposefully selected for the focus group discussion in three groups.

When we come to quantitative research method, 373 clients from the total of 5,454 were selected through simple random sampling procedure. SFPI currently serves 18,713 clients out of which 10,292 (55percent) are women. Out of the total number of women clients, 53 percent i.e. 5,454 live in Addis Ababa.

Based on this the researcher was able to adopt a mathematical formula for the purpose of determining the sample size. (Taro Yemane, 1970) has suggested the following mathematical formula for determining sample size.

$$n = \frac{N}{1 + N(e)^2}$$

Where, N is the total SFPI client women, and

e is the error or confidence level

The conventional confidence level of 95% was used to ensure a more accurate result from the sample. Based on this, the error term would equal to 0.05. Using the total population of 5,454 and error margin of 0.05, the sample size was calculated as follows.

$$n = \frac{5454}{1 + 5454(.05)^2} = 373$$

$$n = \frac{5454}{1 + 5454 \times .0025} = 373$$

Hence, out of the total population of 5,454 microfinance women clients, a sample size of 373 was taken. A simple random sampling technique was then adopted to select the 373 participants.

3.3 Data Analysis and Interpretation

Data editing and entry task was conducted. Furthermore, clean data set were used for the analysis. Roger and Nall (2003) state that the data should be completed before leaving the field and additional required notes also need to be included.

The tape recording of both the in-depth interview and focus group discussion was initially transcribed. The researcher then read the transcripts and the notes. Jennifer (2005) states that there are literal, 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 empowerment 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 software was employed for the data entry and to calculate percentage values. The resulting data was then analyzed and interpreted.

3.4 Validity and Reliability

Triangulation technique was used for improving the validity and reliability of research or evaluation of findings (Mathison, 1988). Patton (2001) advocates the use of triangulation by stating that triangulation strengths a study by combining methods. This can be attained by using several kinds of methods or data including both qualitative and quantitative approaches. By selecting complement methods, the researcher was able to offset the weakness of one method with the strength of another.

Chapter Four

Findings, Discussion and Analysis

4.1 Characteristics of the Respondents

This chapter deals with the background characteristics of the respondents considered in the study. A total of 30 individuals were involved in the in-depth interview and focus group discussion. The age of the study participants ranged from 20 to 40 and above. The majority of the participants was above the age of 35 and is predominately followers of the Orthodox Church. The respondents, whose educational level ranged from illiterate to secondary level, mostly learned about the existence and function of the microfinance institution from friends and relatives. The respondents have been members of the microfinance institution from one to more than four years. Furthermore, it is observed that the participants differ in their marital, i.e., consist of single, married, widow and divorced women.

Regarding the quantitative study, it involved a total of 373 respondents. The background characteristics of respondents are presented here below.

Table 1 Proportion of age distribution of the sample population

Age	No. of cases	Percent
20-24	14	3.8
25-29	30	8.0
30-34	56	15.0
35-40	154	41.3
40 and above	119	31.9
Total	373	100.0

Source: Survey conducted by the researcher

Table 1 shows that around 41.3 percent of the women fall in the age group of 35-40. The women above 40 years of age constitute 31.9 percent. Only a few, i.e. 3.8 percent, of the women are 20-24 years. 8 percent of the respondents are between 25 to 29 years of age

while those aged 30-34 are 15 percent. Generally, the majority of the clients are above the age of 35.

Table 2 Percentage distribution of the sample by religion

Religion	No. of cases	Percent
Orthodox	276	74.0
Muslim	97	26.0
Total	373	100.0

Source: Survey conducted by the researcher

Table 2 shows that 74 percent of the clients are Orthodox Christians while the rest 26 percent of the clients are Muslims. This reveals that no respondent reported as having no religion because it is a very important aspect in Ethiopian social and cultural life. Berhanu (2000) states that Ethiopia is a highly traditional and religious society in which women are kept at subordinate position. The situation also contributes to the unbalanced gender relation at the household level.

Table 3 Percentage distribution of the sample by marital status

Marital Status	No. of cases	Percent
Married	236	63.3
Widow	61	16.4
Divorced	35	9.4
Single	41	11.0
Total	373	100.0

Source: Survey conducted by the researcher

As indicated in Table 3, 63.3 percent of the clients are married while 16.4 percent are widows. Respondents who have divorced are 9.4 percent while the remaining 11 percent are singles. This shows that the great majority of the clients are married.

Table 4 Percentage distribution of the sample by level of education

Level of education	No. of cases	Percent
Illiterate	143	38.3
Read and write	52	13.9
Primary Level	80	21.4
Secondary level	98	26.3
Total	373	100.0

Source: Survey conducted by the researcher

Regarding the educational level of the clients, Table 4 shows that about 38.3 percent are illiterate while 13.9 percent can read and write although they have not undergone through formal education. Furthermore, 21.4 percent and 26.3 percent have reached primary and secondary school level, respectively. This reflects that none of the clients is above secondary level and that the majority lack basic education. It also appears from the above figures that the MFI provides financial access generally to those with low level of education.

4.2 General Characteristics in relation to Microfinance

Microfinance Membership

Table 5 Percentage distribution of the sample by duration of microfinance membership

Characteristics	No. of cases	Percent
<1yr	50	13.4
1-3	71	19.0
4-6	147	39.4
>7	105	28.2
Total	373	100.0

Source: Survey conducted by the researcher

In table 5, it is shown that 13.4 percent of the respondents have been members of the microfinance institution for less than a year while 19 percent joined the programs before one to three years. 39.4 percent of them have a membership duration ranging between four to six years whereas 28.2 percent have more than seven years of membership. In this regard, a great majority of the clients have participated in the microfinance programs for more than four years. It is believed that the impact of microfinance will be fairly observed as most of the clients have participated in the MFI for over four years.

Source of Information

Table 6 Percentage distribution of the sample by source of information about MFI

Source of information	No. of cases	Percent
People	254	68.1
Kebele	119	31.9
Total	373	100.0

Source: Survey conducted by the researcher

In table 6, as per the response of the clients, the means through which they joined the microfinance institute are two. 68.1 percent of the clients heard of the institute from other people while the source of information for the remaining 31.9 percent was Kebele (the lowest administrative unit in Ethiopia) administrations.

Results of the focus group discussions and in-depth interview also indicated that the majority of the clients heard basic information about the micro finance institute, i.e., the existence of MFI, how to borrow money, collateral requirements, etc., from their neighbors, friends or relatives. Others have indicated that they learned about the MFIs from Kebele administrations through meetings organized to explain about such programs.

Source of Credit

Table 7 Percentage distribution of the sample by source of credit before joining MFI

Source of credit	No. of cases	Percent
Private money lenders	96	25.7
Relatives/friends	77	20.6
Equib/iddir	7	1.9
No means	193	51.7
Total	373	100.0

Source: Survey conducted by the researcher

As Table 7 shows, before joining MFI, 25.7 percent of respondents were using private money lenders as their source of credit while 20.6 percent depended on relatives and friends. Iquib and Idir constituted as the credit source for 1.9 percent of the clients while 51.7 percent of the respondents did not have any source of credit before joining MFI. The above figures indicate that the majority of the respondents lacked a means of credit before they joined the MFI.

Positive Views about the MFI

Table 8 Percentage distribution of the sample by reasons for positive views about MFI

Reason	No. of cases	Percent
Low interest rate than other informal sources of credit	63	16.9
Steady source of working capital	122	32.7
Group solidarity and/or group dynamics	10	2.7
Easier guarantees than other loan alternatives	178	47.7
Total	373	100.0

Source: Survey conducted by the researcher

As depicted in Table 8, 32.7 percent of respondents like the credit facilities offered by MFI because it is a steady source of working capital while 2.7 percent of them due to its positive impact on group solidarity and group dynamics. 47.7 percent of the clients prefer MFI because of the relative lower guarantee requirements compared to other sources of loan, whereas 16.9 percent of them like it because it has a lower interest rate than other informal sources of credit.

Negative Views about the MFI

Table 9 Percentage distribution of the sample by reasons for negative views about MFI

Reason	No. of cases	Percent
High interest rate	91	24.4
Too small loan size	7	1.9
Repayment policy	28	7.5
Problematic groups dynamic	14	3.8
Do not know	37	9.9
High interest rate, small loan size, repayment policy	196	52.5
Total	373	100.0

Source: Survey conducted by the researcher

Table 9 indicates that 24.4 percent of the respondents do not like MFI due to the perceived high interest rates while 7.5 percent showed dislike owing to the repayment policy. The perceived problematic group dynamics and the low loan size appear to be the source of dislike respectively for 3.8 percent and 1.9 percent of the clients. Furthermore, more than half of the respondents, i.e., 52.5 percent have complained about high interest rates, too small loan size and the repayment policy. The rest 9.9 percent were not able to identify any negative perceptions regarding MFI.

Most of the respondents of the FGD and in-depth interview did not have a source of credit before joining MFI. Those who used to borrow money from private money lenders were encountering problems in the repayment policy and high interest rates, i.e., 100

percent. In addition, if the borrowers failed to settle their debts within the specified time, they suffered threats from the loan officers causing them serious stresses.

A 32 year old respondent, who is a widow, described the following situation during the FGD.

> *I borrowed money from a private lender for personal purposes. Shortly after I took the loan, the lender started pushing me to settle the debt earlier than previously agreed threatening 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 the situation* (FDG, Group 2).

Humiliation of the clients was evident whether the loans were taken from relatives, neighbors or friends. A respondent of age 39 who is married explains the humiliation as follows.

> *I was forced to borrow money from my neighbors to support my family 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* (Interview 4).

With the shift from private money lenders to MFI, the latter currently play a great role and also relieve the clients from high interest rates and prevalent abuses. Relatives and friends can not be a reliable source of credit as they might not have the money when needed. In addition, clients were afraid to take money from sources other than their friends and relatives for fear of gossips. In this regard, MFIs help them to get money when needed without fears of taking loans from individuals. The first step that MFIs should take in the empowerment of women is the delivery of capital. This would

ultimately enable them to contribute to their households and communities (Cheston and Kuhn, 2002).

After joining MFI, almost all of the respondents do not use any other source of credit. As explained before, this is because of MFI appears to be a steady source of working capital. MFI offers loan once the previous one has been settled and clients can borrow money at any time as far as they clear their debts on time.

The majority of the respondents also said that they like MFI due to the easier guarantee requirements compared to other sources. In addition, they found it hard to borrow money from banks or other loan services that require collaterals because most lack basic education, formal job, working capital, etc. MFIs offer them to make groups of four to five clients and allow them to play a collateral role for each other. Under this arrangement, if one member of the group fails to pay the loan, the other group members are supposed to settle the debt.

A 50 years old lady who is divorced explains how microfinance has helped her to improve her life.

> *I am not educated and did not have a job. I had to borrow money to start my own business but did not meet the collateral requirements for the loan. After joining MFI and organizing as a group, I was able to secure loans and started my own business* (Interview 2).

A widow of 34 year also had this to say regarding the role of microfinance in changing her life.

> *Following my husband's death, life was very much miserable and I had nobody who could provide me money through aid or loan. Fulfilling the collateral requirement to each other with other three women, I managed*

> *to get loans from the MFI. The microfinance institution is really a life savor to the poor* (FGD, Group 1).

The above feedbacks are indications of the difficulties with access to loan outside of the MFI for the uneducated and those who can not fulfill collateral requirements.

Cheston and Kuhn (2002) stated that microfinance institutions around the world have been quite creative in developing products and services that avoid barriers that have traditionally kept women from accessing formal financial services such as collateral requirements, male or salaried guarantor requirements, documentation requirements, cultural barriers, limited mobility and literacy. Nevertheless, in a number of countries and areas few or no institutions still offer financial services under terms and conditions that are favorable to women.

As explained above, one of the great roles of MFI is its easier guarantee requirements as it allows clients to get money by forming a group and be collateral to each other. Although the advantage of such an arrangement is clear, it might also leave the clients in a disadvantageous position. This occurs when a group member fails to pay the debt making the rest of the group settle on her behalf.

A 35 years old lady who is married recalled the consequence she faced as a result of the default of a group member.

> *When we joined MFI all of us had agreed to settle our debts timely. However, one of the members failed to repay the loan and we had to settle her loan on top of ours. The situation was very difficult* (Interview 7).

The above indicates that although MFI has relieved the clients from fulfilling collateral requirements and enabled them access to credit, they still bear burdens when a group member fails to settle debts as per the repayment schedule.

In addition, despite its advantages, some of the clients still complained about the relative high interest rates, i.e., 16 percent interest on loans taken as compared to only 4 percent when they save in the MFI.

A divorced client who is 45 years of age and has been a member of the MFI for eight years noted the following.

> *The interest rate applied by the MIF is smaller compared to that levied by private lenders. However, the rate is still too much for me. In addition, the interest rate on loans taken is not comparable to the amount offered for savings. Interest used to be calculated on the remaining balance of the loan taken but these days the initial amount is considered for interest* (FGD, Group3).

While the clients are grateful to the MFI for the loans provided, they are not happy with the fact that interests are calculated on the base loan even while they are settling their debts as per the agreed repayment schedules. In addition, clients complain about the huge differences in the interest rates that are applied on loans and savings.

Most of the participants in the FGD as well as the in-depth interview consider the loan offered as very small which is not adequate to start business or any other activity.

A 35 years old lady who has been a member of the MFI for the last six years had this to say.

> *In fact, the loan size increases as we settle the loan in full and take another. However, the loan still falls short of the amount needed to start business. It would be better if they could increase the amount of loan so that we are able to engage in our own business, earn better incomes and settle our debts more quickly* (Interview 8).

As seen in the literature review part of the study, the MFIs usually offer small loan amounts. This small loan size impedes large capital investments and also limits their engagement in business activities.

4.3 Economic impact of microfinance

This section deals with the economic impact of microfinance on the clients. Participants were asked their level of income before and after they joined MFI, the purposes for which they use the loans, the level of savings in comparison to the times before joining MFI and their decision making powers on the loan secured. The replies received from the clients are presented and analyzed here below.

Level of Income

Table 10 Percentage distribution of the sample by level of income

Level of income	Before MFI		After MFI	
	No of Cases	Percent	No of Cases	Percent
<100 birr	26	7.0	20	5.4
101 - 200 birr	91	24.4	70	18.8
201 - 300 birr	109	29.2	121	32.4
301 - 400 birr	25	6.7	32	8.6
401 - 500 birr	30	8.0	38	10.2
> 500 birr	23	6.2	23	6.2
No Information	69	18.5	69	18.5
Total	373	100.0	373	100.0

Source: Survey conducted by the researcher

Table 10 shows that after joining MFI 5.4 percent of the respondents have acquired less than Birr 100 while 18.8 percent have between Birr 101-200. The percentage of respondents that have between Birr 201 and 300, Birr 301 and 400, and Birr 401 and 500 has respectively been 32.4 percent, 8.6 percent and 10.2 percent. While 6.2 percent has more than Birr 500, 18.5 percent are not aware of how much they have. Before joining MFI, 7 percent of the respondents had acquired less than Birr 100 while 24.4 percent had between Birr 101-200. The percentage of respondents that had between Birr 201 and 300, Birr 301 and 400 respectively was 29.2 percent and 6.7 percent and 8 percent had between Birr 401 to 500. While 6.2 percent had more than Birr 500, 18.5 percent are not aware of how much they had before joining the MFI.

The above comparisons indicate that the some of the clients have managed to increase their incomes after they joined the MFI although others still earn the same amount of income during both periods. There are also clients that were not able to specify their incomes both before and after they participation in the MFI.

Similar to the above, the results of the FGD and in-depth interview revealed that the increases in income after joining the MFI are small for the majority of the clients. In addition, some respondents were not able to tell whether their incomes have actually increased or decreased after their membership in the MFI.

A 30 years old lady who has been a client of the MFI for two and half years stated the situation as follows.

> *I was previously engaged in small business/trade and continued in the same business after I joined the MFI. I have not seen any changes in my life after my participation in the MFI. I can not say whether my income has improved or deteriorated after joining MFI* (Interview 9).

These respondents remain engaged in the same business both before and after joining the MFI and find it hard to trace the increase or decrease in incomes as a result of their participation in the MFI.

There are also clients who said that their incomes have decreased after they joined the MFI. The results of the FGD group 3 showed clients with a pattern of an increase or decrease in income after participation in the MFI.

A 37 year old with an experience of three years with the MFI stated as follows.

> *I was involved in small trade before joining MFI. Following my membership in the MFI, I was able to expand my business and settle my debts timely. My income has somehow increased after I joined the MFI* (FGD Group 3).

Another woman in the same group, aged 32 and a member of the MFI for the last two years noted that her income has actually decreased after she joined the institution.

> *I have been engaged in small business both before and after joining the MFI. However, after joining the MFI, I was not able to run my business as before. My income has generally deteriorated but I continue to settle my debt as per my commitment* (FGD, Group 3).

As can be seen from the above cases, although small income increases have been recorded for some clients after joining the MFI, 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 MFI owing to various circumstances. There were even cases where clients find it hard to tell whether their incomes have increased or decreased after their involvement in MFI.

Use of Loan

Table 11 Percentage distribution of the sample by purpose for which loan is used

Use of Loan	No of cases	Percent
Purchase of food items	24	6.4
business/trade	347	93
Total	371	99
Missing Item	2	.5
Total	373	100.0

Source: Survey conducted by the researcher

As can be seen from Table 11, only 6.4 percent of the respondents used the credit money for the purchase of food items while the rest 93 percent use the funds for small business and trade. Hence, microfinance has enabled the women to engage in small businesses.

The FGD and in-depth interview also indicated that almost all of the clients utilize the money for business purposes. Some respondents used the loan to prepare and sell '*Injera*' (pancake like Ethiopian traditional food) and '*Ambasha*' (local bread). A few of them utilized the money to buy *'lakech mitad'* (a type of flat stove made of clay used to prepare injera). Some prepare '*Baltena'* (food items) such as '*Berbere*' (hot pepper), *Shiro (*powdered beans), '*Mitmita*' (hot bend of pepper and spices), etc. for sale. Others build houses in their compounds for rent. Furthermore, some engage in the sell of vegetable, fruits, coal etc. in the *'Gullit'* (a small commodity market). The clients, usually those that have been members of the MFI for more than five years, rent market places in the gullit.

A 29 years old single woman who is a mother of one describes the situation as follows.

> *I use the loan secured through MFI to buy and sell vegetables in the gullit. Although I am not able to make profits, the business has enabled me to support my child and myself* (Interview 1).

From the above results, we can see that the majority of the clients are engaged in economic activities that offer self employment.

As indicated in the literature review part of the study, financial services play a role in enhancing the economic production capabilities and social well-being of poor women and their household. Although the client's opportunity for self-employment through the finance secured from MFI does not automatically empower them, it would lead them towards the goal.

Money Savings

Table 12 Percentage distribution of the sample by level of money savings

	Before MFI		After MFI	
Money saving	No of Cases	Percent	No of Cases	Percent
never saved	339	90.9	68	18.2
save in MFI			265	71.0
save in Bank	34	9.1	40	10.7
Total	373	100.0	373	100.0

Source: Survey conducted by the researcher

In table 12, 71 percent of the respondents explained that they have managed to earn a small amount of money and open saving account in the MFI after joining MFI while 10.7 percent of them save in the bank. The rest 18.2 percent do not have a savings account at all. However, before joining MFI, only 9.1 percent of them had a saving account with a bank and the rest did not have their own savings account. This indicates that the number of clients that are able to save has increased after joining MFI.

As per the FGD and in-depth interview, the majority of the respondents have savings account in the MFI but are not aware of the amounts they have and the applicable interest rates.In some cases the clients withdraw all or some amount of their saving then they again start to save. The respondents have explained that they had a very small amount of money on hand prior to joining MFI which they were ashamed to put it in the bank. In addition, they did not have the time to go to the bank before becoming members of the MFI. A 30 years old client explained the situation as follows.

> *I did not have a savings account before joining the MFI. Since I had a very small amount of money, it was shameful to go to the bank and deposit it. In addition, I did not have spare time to do that. I now have a bank book opened with the MFI which allows me to deposit my savings upon settlement of the loan* (FGD, Group 1).

This indicates that the MFI helped them to earn money and open a saving account relieving them from the shame and lack of time to go to the bank and deposit a small amount of money as they can now deposit money starting from Birr one when they go to the MFI to settle their loans.

As stated in the review of literature, the provision of saving facilities is one of the major advantages of MFI. 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.

Decisions on Credit

Table13 Percentage distribution of the sample by responsibility for decisions on credit

Decision maker	No of Cases	Percent
Myself alone	245	65.7
my husband and myself together	126	33.8
Total	371	99.5
Missing Item	2	.5
Total	373	100.0

Source: Survey conducted by the researcher

In Table 13, 65.7 percent of the respondents manage and make decisions by themselves alone on the loan they receive from MFI. The loan is handled jointly with the husband for 33.8 percent of the respondents. This shows that the decisions pertaining to the loan secured from MFI are made either by the women alone or jointly with the husband.

The results of the focus group discussion and in-depth interview also showed a similar situation as to the role of the wife and the husband in such decisions. Those who decide by themselves gave two reasons for this. The first one is that some clients do not tell their MFI membership and loans taken to the husbands for fear that the latter might stop giving them money for household expenditure. Hence, the clients use the money by themselves. A 41 years old woman noted the following.

> *I even did not tell my husband that I joined the MFI. This was for fear that he would stop providing money for the household expenses* (Interview,3).

In the second case, the husband knows about the MFI but he is not involved in taking the loan, its repayment as well as managing or utilizing the money.

A 30 years old lady states that

> *My husband knows that I use the money secured through MFI to support the family. He basically has no say on the money. I decide on the money and hold sole responsibility for the repayment* (FGD,1).

On the other hand, there are cases where the husband fully participates in the taking and repayment of the loan as well as the management and decision about it. A 30 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* (FGD, Group 2).

This shows that the credit is utilized and managed either by the wife alone or jointly by the wife and husband but not only by the husband. We can also see that those who do not tell about the loan to the husband have two dimensions. One is for household purposes as some believe that their husbands would refuse to allocate money for household expenditure once the wife becomes a member of MFI. The other dimension is that, as the husband is also required to settle the loan, problems might occur in the family if the wife does not manage to pay back the money taken.

Two important points can be inferred from the above results. First, the fact that women make sole or joint decisions on the use of incomes generated through microfinance is a good start point for their empowerment. Secondly, women that do not tell their involvement in MFI to their husbands might encounter family problems in the event they fail to repay their debts.

We have seen that MFI has provided opportunities for self employment through the delivery of finance. As a result, the clients' incomes have increased although the amounts are small. Improvements are also observed in clients' saving practices. Furthermore, the women have managed to decide on the loan either by themselves or jointly with the 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 business after joining the MFI. Nonetheless, looking at some of the clients, participation in MFI had a positive sign towards economic empowerment.

4.4 Impact of microfinance at the household level

According to feminist empowerment paradigm, empowerment also needs to deal with change in intra-household relations. Thus, this part deals with the impact of microfinance on gender relations at the household level. It includes the women's decision making power, the value and money expenditure of the husband and the issue of domestic violence.

Cash Expenditure of the Husband

Table 14 Percentage distribution of the sample by cash expenditure of the husband

Husband Expenditure	Before MFI		After MFI	
	No of Cases	Percent	No of Cases	Percent
Spend for family purpose	113	30.3	96	25.7
Spend more for personal use(cloth, drinking liquors, etc)	53	14.2	79	21.2
Doesn't have a job	70	18.8	61	16.4
Those who do not have spouse	137	36.7	137	36.7
Total	373	100.0	373	100.0

Source: Survey conducted by the researcher

Table 14 shows that the husband spends for family purposes in the case of 30.3 percent and 25.7 percent of the respondents, respectively, before and after joining MFI. The personal expenditure of the husband has also increased for 21.2 percent of the respondents after they joined the MFI although the figure previously stood at 14.2 percent. 16.4 percent and 18.8 percent of the respondents' husbands, respectively, do not have jobs after and before they joined MFI. The rest 36.7 percent of them do not have spouse before and after joining MFI. This shows that the husband's expenditure for family purpose has decreased and expenditure for personal use has increased after the wife became a member of MFI.

A 31 years old client stated the following during the FGD.

> *My husband continues to provide money for household use both before and after I joined the MFI* (FGD, Group 2).

Others said that the husband sometimes gives money and at times does not because of temporary work and other reasons both before and after joining the MFI.

A 36 years old woman who is a mother of four children noted the following.

> *My husband may or may not provide money for household use as he wishes. He rarely gives me money particularly after I joined the MFI. He is usually short of money because he drinks a lot. After I joined the MFI, my dependence on him became less. I support the family with the incomes I earn and no more depend on him* (Interview 12).

They further explained that before joining MFI it was very difficult for them to sustain the family if the husband could not supply money for household expenditure.
A woman of 31 years of age noted that

> *My husband has been laid off from his job and he works as a daily laborer when he finds one. We were in a difficult situation before I joined the MFI but we are now relatively better and have at least something to eat* (Interview 4).

However, the fear decreases and the family can somehow sustain without the husband's support after the respondents joined MFI. The problem here is that the husband intends to use the money, which was earlier supplied for household expenditure, for personal use after the women join MFI and earn income.

A 30 years old woman stated the following.

> *My husband used to provide money for household use before I joined MFI. However, he stopped this after my participation and now keeps his income for personal use. I am able to support the family but with great difficulties* (Interview 9).

We can infer from the above explanation that the wife can now better support the family after joining MFI regardless of whether the husband gives money for household hold purposes. Generally, it is observed that MFI helped the women to improve their financial status at the household level. However, the women would still find it hard to support the family by themselves while the husband ceases to supply money for the household.

Husband Value to Women's Contribution

Table 15 Percentage distribution of the sample by the value of husband's to women's contribution

Husband's value	Before MFI		After MFI	
	No of Cases	Percent	No of Cases	Percent
Appreciation	70	18.8	80	21.4
Keeps quite(as normal)	116	31.1	101	27.1
less important (no appreciation)	50	13.4	55	14.7
Those who do not have spouse	137	36.7	137	36.7
Total	373	100	373	100.0

Source: Survey conducted by the researcher

Table 15 shows that 21.4 percent of the respondents have been appreciated by their husbands after joining MFI while the figure previously stood at 18.8 percent. 27.1 percent and 31.1 percent of the husbands took the client's contribution as normal after and before joining MFI respectively. 14.7 percent of the husbands have despised the contribution of their wives to the family after joining MFI whereas it was 13.4 percent prior to joining MFI. 36.7 percent of the clients do not have a spouse before and after joining of MFI.

The number of husbands who respect the wife for the contribution made to the household has increased after joining MFI. At the same time the number of husbands who act differently has increased after joining MFI. However, the number of husbands who take the activities performed by the wife as normal has decreased after joining MFI.

Different views have been observed when the participants of the FGD and in-depth interview were asked about the value given by the husband to their constitution to the household.

Some respondents said that they have been appreciated by the husband before and after joining MFI.

A 30 years old woman noted that

> *My husband appreciates my contribution made to the household after I joined the MFI* (FGD, Group 2).

Some of them have said that the husbands appreciate their contribution because they have seen the impact on the household. Others the husband appreciated their contribution in performing household activities because he stopped giving money for the family use.

A 33 years old lady said the following.

> *My husband is happy with the contribution I make to the household from the money I earned through MFI. This is because he can now use his earning for personal enjoyment* (Interview 10).

Others said that the husband, especially after the wives join MFI, become unhappy for fear of being dominated by this wife and feel inferiority when the wife does something for the family which the husband did not do before. Hence, they give less or no value to the wife's contribution to the household.

The following is the reply from another participant whose age is 28

> *My husband dislikes my contribution to the household as he feels excelled by me* (Interview 6).

A similar feedback was given by another woman age of 37

> *My husband would prefer to suffer from money shortages rather than seeing the family's life improved through my contribution* (Interview 5).

These respondents said that they are uncomfortable with contributing to their homes due complaints made by the husband.

The following 30 years old woman brings in yet another view.

> *My husband takes my contribution as normal; he is neither happy nor sad about it. He basically shows no reaction on the contribution made to the household from the money secured from MFI* (FGD, Group 1).

This shows that there are husbands who appreciate, despise or take as normal the contribution of the wife to the home. As we can see in the table, the number of husbands that appreciate the women's contribution has increased after the latter joined the MFI. However, the cause of appreciation is not always the contribution to the household by itself but in some cases it is because the husband is relieved from providing money to the household. On the other hand, those women that are despised by the husband are not comfortable with making the contribution to the household. The above indicates that although MFI improves the contribution of women to the household, it has not enhanced the values given by the husband to their roles. We even see a declining trend in this regard because the husband does want to be excelled by the wife. This is generally one of the consequences of a patriarchal society.

Household Decision Making

Table 16 Percentage distribution of the sample by participation in household decision making

Role in decisions	Before MFI		After MFI	
	No of Cases	Percent	No of Cases	Percent
Fully participate	59	15.8	62	16.6
Occasionally/partly	121	32.4	119	31.9
Rarely	55	14.7	55	14.7
Those who do not have spouse	137	36.7	137	36.7
Total	372	99.7	373	100.0
Missing Item	1	.3		
Total	373	100.0	373	100.0

Source: Survey conducted by the researcher

Table 16 shows that 15.8 percent and 16.6 percent of the respondents fully participate in household decisions before and after joining MFI, respectively. 32.4 percent and 31.9 percent have partial/occasional decision making says before and after MFI respectively. 14.7 percent of them rarely have decision making power before and after joining MFI. The remaining 36.7 percent of respondents are those do not have spouse. Full participation in decision making at household level has increased as partial and occasional decision making decrease and rarely decision making power at household level remain the same before and after MFI. Household decision making levels are almost the same before and after joining MFI.

The majority of the respondents have indicated that their decision making powers have remained the same before and after they joined the MFI.

A 30 years old woman noted the following.

> *We make decisions jointly both before and after I joined the MFI. There are no changes in this regard* (FGD, Group 2).

The following is the reply from a 50 years old participant.

> *I only participate in decisions regarding the use of money secured through MFI. All other decisions are solely made by him* (Interview2).

A 28 years old lady described the situation as follows.

> *My husband somewhat involves me on decisions relating to our children. Other wise, he is the one who decides on all issues before and after I have been member of MFI* (Interview 6).

The above findings indicate husbands hold most decision making powers both before and after the women joined the MFI. MFI helped the women to enhance their economic status and made decision on using the loan to their family but made no significant change on their decision making power on other issues at the household level. Hence, MFI has failed to bring about changes in gender relations on the decision making power except with regards to the loans secured. However, the fact that some participate in household decisions by using the loan is a positive step towards their empowerment.

Domestic Violence

As in the case of other developing countries, a large number of crimes of domestic violence still go unreported in Ethiopia due to socio economic, cultural and religious barriers (original et.al, 2005). Physical and psychological violence will be looked at in this section in relation to microfinance.

Table 17 Percentage distribution of the sample by level of domestic violence

Level of domestic violence	Before MFI		After MFI	
	No of Cases	Percent	No of Cases	Percent
Frequently	35	9.4	40	10.7
Occasionally	46	12.3	38	10.2
Rarely	30	8.0	33	8.8
Never	125	33.5	125	33.5
Those who do not have spouse	137	36.7	137	36.7
Total	373	100.0	373	100.0

Source: Survey conducted by the researcher

Tables 17 indicates that the percentage of women that encounter domestic violence has increased to 10.7 percent after joining MFI as compared to 9.4 percent prior to participating in the program. 8.8 percent of the clients rarely encountered violence after joining MFI while the figure was 8 percent previously. The percentage of clients that have never experienced domestic violence before and after joining MFI is 33.5 percent. 12.3 percent and 10.2 percent of them have experienced domestic violence before and after MFI.

The majority of the women particularly those who participated in the FGD basically prefer to keep quite on issues of domestic violence. However, different findings were gathered from the women that chose to provide feedback.

A 35 years old lady noted the following.

> *I do not see any difference in this regard before and after I joined the MFI. My husband beats me when disagreements arise between us both before and after I joined the MFI* (Interview 8).

The following is from a 35 years old participant.

> *My husband keeps on discouraging and mocking at me after I joined the MFI because he is not happy with it* (FGD, group1).

A 28 year old had this to say.

> *My husband has developed inferiority complex after I joined the MFI and hence regularly insults and sometimes beat me without a reason* (Interview 6).

A note from a 33 years old woman,

> *Before I joined the MFI, my husband used to insult and beat me when I request money for household consumption. He has stopped the insult and beating after my membership with the MFI as I no more ask for money from him* (Interview 10).

The level of violence has decreases for those women for which the 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 that contribute to the household.

As we can see here, MF doesn't make a significant change in the household gender relationship. It has negative as well as positive impact on the domestic violence. However women's decision making power on the loan is a sign of empowerment.

4.5 MF and Women's Use of Time

This part of the study deals with microfinance and women's utilization of their time. Women in developing countries lack spare time because they carry out triple roles, namely, domestic, community and public activities (Cheston and Kuhn, 2002). In this section, we will look into women's role at the domestic and community level before and after their participation in MFI. Furthermore, we analyze the level of assistance they get from the husband in carrying out the domestic activities.

Participation in Traditional Institutions

Table 18 Percentage distribution of the sample by participation in traditional institutions

Traditional Institution	Before MFI		After MFI	
	No of Cases	Percent	No of Cases	Percent
Equib	50	13.4	50	13.4
Idir	200	53.6	200	53.6
Mahiber	123	33.0	123	33.0
Total	373	100.0	373	100.0

Source: Survey conducted by the researcher

As shown in Table 18, the percentage of respondents that participate in equib is 13.4 percent before and after joining MFI.53.6 percent of respondents are participating in Idir. The rest 33 percent are participating in Mahiber. All respondents are participating at least in one institution before and after joining MFI

The FGD and in-depth interviews indicated that all of the participants are a member of at least one traditional institution idir (a community savings club for the eventuality of a death or marriage in the community), mahber (an association in which a group of people organize monthly feasts in the name of a particular patron saint in turns or an association of mutual help), iquib (a rotating saving and credit group). Both before and after they joined the MFI, the women engage in community services such as participating in funeral processions, weddings, visiting the sick and paying last respect to the dead. They would risk alienation if they fail to participate in the above occasions.

Domestic Workload

Table 19 Percentage distribution of the sample by assessment of domestic work load

Characteristics	Before MFI		After MFI	
	No of Cases	Percent	No of Cases	Percent
Very high	134	35.9	146	39.2
High	110	29.5	117	31.5
medium	121	32.4	101	27.1
low	8	2.2	8	2.2
Total	373	100.0	373	100.0

Source: Survey conducted by the researcher

Table 19 indicates that the domestic work load is very high for 35.9 percent and 39.2 percent of the respondents, respectively, before and after joining MFI. On the other hand, 29.5 percent and 31.5 percent indicated that the work load is high before and after joining MFI, respectively. The work load is medium for 27.1 percent of respondents after joining MFI and for 32.4 percent of them before joining MFI. Finally, the work load remained at lower level for 2.2 percent of the respondents both before and after MFI. This indicates an increase in workload after joining the MFI. The workload has increased because most of the women that are engaged in the sale of food items prepare their products at home.

Few of the respondents of the FGD and in-depth interview have indicated that the level of domestic workload remained the same before and after they joined the MFI. This is because most have extended families providing the possibility to share the workload.

The following was noted by a widow of 46 years of age.

> *I am engaged in small trade both before and after joining the MFI. There are many children and relatives in my home who share the work amongst themselves. I have not observed any changes as I am relived during both periods* (FGD, group 2).

The majority of the women have noted that they were overburden with domestic workload before they joined the MFI which has exacerbated following their membership. A 35 years old respondent gave her views as follows.

> *I was engaged in small trade before I joined the MFI and hence was able to handle the domestic workload. However, I now spend the whole day in my small shop 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* (FGD, Group 2).

Some respondents have indicated that they get assistance from their children in handling the domestic activities. A 36 years of lady noted the following.

> *My children assist me in carrying out the domestic work as I am overloaded. In addition, they are sometimes forced to miss their classes due to the work load* (Interview 12).

The above is an indication that most of the women suffer from excessive work loads which also has a negative implication on the education of their children.

Hence, the above figures show that domestic work load has increased after joining MFI. This is primarily because MFI do not implement any actions to reduce women's traditional roles and responsibilities.

Husband's Role in Domestic Work

Table 20 Percentage distribution of the sample by husband role in domestic work

	Before MFI		After MFI	
Husband assists	No of Cases	Percent	No of Cases	Percent
Yes	67	18.0	67	18.0
No	169	45.3	169	45.3
Those who do not have spouse	137	36.7	137	36.7
Total	373	100.0	373	100.0

Source: Survey conducted by the researcher

Table 20 shows, the figures in this regard are similar before and after the MFI. 18 percent of respondents, have respond, their husbands help them in carrying out domestic activities before and after MFI. The percentage of respondents who get no assistance from their husbands was 45.3 percent before and after the MFI. The rest 36.6 percent of

them do not have spouse before and after joining of MFI. Generally, the majority of the husbands are not involved in domestic work.

Focus group discussion and in-depth interview shows as follows:

The majority of the respondents have indicated that their husbands do not support them in carrying them the domestic activity. A 35 years woman had this to say.

> *I spend the whole day with my husband running the business. When we return home, he goes to bed while I continue handling the domestic work, i.e., prepare supper, make the bed, etc* (Interview 7).

When I asked one of the participants whether her husband assists her in the domestic work, she showed a surprised smile and said "*no, not at all. After all he is a man*" (Interview 18).

Only one respondent, aged 30, has indicated her husband's support it carrying out the household activity.

> *My husband helps me with the domestic work. He makes the bed, cleans the house, and performs other tasks. We generally assist each other* (Interview 9).

In most cases, the work and activities in the private sphere are supposed to be handled by women while the public functions are meant for men. Hence, this has resulted in additional work burdens on the women with adverse effects on their empowerment.

4.6 Political Impact of Microfinance

It has been discussed that microfinance is viewed as an effective tool for political empowerment. In this section we will look at the extent to which microfinance has

empowered the women politically. The analysis touches upon women's political and legal rights, the right on household assets and political position.

Claim for Political and Legal Rights

Table 21 Percentage distribution of the sample by confidence and interest levels to claim for political and legal right

Confidence level	Before MFI		After MFI	
	No of Cases	Percent	No of Cases	Percent
High	19	5.0	19	5.0
Medium	65	17.5	65	17.5
Low	289	77.6	289	77.6
Total	373	100.0	373	100.0

Source: Survey conducted by the researcher

Table 22 shows that the confidence and interest of respondents to claim for their political and legal rights before and after joining MFI are the same. 5 percent and 17.5 percent of the respondents showed high and medium confidence and interest levels, respectively, both before and after their participation in the MFI. In addition, the remaining 77.6 percent remain without confidence and interest prior and after joining MFI.

Generally, the majority of the respondents do not have the confidence and interest to claim for their political and legal rights. In addition, the above information indicates that the confidence and interest levels have neither improved nor deteriorated following the participation in MFI.

Ownership Rights

Table 22 Percentage distribution of the sample by ownership rights

Characteristics	Before MFI		After MFI	
	No of Cases	Percent	No of Cases	Percent
High	48	12.9	48	12.9
Medium	122	32.7	122	32.7
Poor	66	17.7	66	17.7
Those who do not have spouse	137	36.7	137	36.7
Total	373	100.0	373	100.0

Source: Survey conducted by the researcher

Table 22 indicates that the percentage of respondents that have achieved the right to jointly own household asset 12.9 percent before and after joining MFI. Respondents with partial joint ownership rights 32.7 percent before and after joining MFI. Furthermore, the percentage of respondents that remained without any ownership rights 17.7 percent before and after joining MFI. 36.7 percent of the respondents are those who do not have spouse before and after joining MFI.

As shown above, it appears that the percentage of respondents that managed to secure their joint assent ownership rights remained the same despite the participation in MFI.

Political Participation

Table 23 Percentage distribution of the sample by political participation

The participation of the respondents in administrations ranging from the Kebele level up to the parliament is treated here.

Political participation	Before MFI		After MFI	
	No of Cases	Percent	No of Cases	Percent
Many times	15	4.1	15	4.1
Sometimes	10	2.6	10	2.6
Never	342	91.8	342	91.8
Total	367	98.5	367	98.5
Missing Item	6	1.5	6	1.5
Total	373	100.0	373	100.0

Source: Survey conducted by the researcher

Table 23 shows that the political position of the respondents has generally remained the same before and after joining MFI. In this regard, 4.1 percent of them have been elected for political positions for a number of times, while 2.6 percent were sometimes elected and 91.8 percent have never assumed political positions. Generally, MFI do not boost the number of clients that assume political positions.

The focus group discussion and in-depth interviews have also revealed that the majority of the clients generally show low interest and confidence to claim for their political and legal rights both prior to and after joining MFI.

A 29 years old respondent noted the following.

I have neither the interest nor awareness about political position and legal rights both before and after I joined the MFI. I in fact have no time to engage in politics

after my membership with the MFI as I totally devote myself to working hard and improving my life (FGD, Group 2).

Most respondents have indicated that they are not even aware of what their legal right is and where to go when they need help or becomes necessary to complain. After joining MFI, the priority becomes the making of money and business expansion rather than fighting for their rights. They also lack adequate time since they become busy working for their business and domestic activities.

When asked about joint ownership of assets, most respondents lack awareness about the concept. Most do not worry much about it while only a few know about their rights in this respect but their knowledge does not emanate from participation in MFI. Furthermore, the majority of respondents lack knowledge and interest about political positions and to be elected.

The provision of finance cannot by itself bring about political empowerment. It is not possible to attain political empowerment without the creation of awareness on relevant issues and the provision of training and education on leadership and related issues. Cheston and Kuhn (2002) indicate that widespread political empowerment is usually a fairly rare outcome of most microfinance programs. This is because only a few MFIs work towards the political mobilization of women.

4.7 The Delivery of Training

One of the positive empowering signs of microfinance is its capacity to in creating awareness to its clients. According to Oxaal and Bader (1997) the relationship between empowerment and health in general and particularly for women is basically acknowledged. We will here consider the awareness women get directly from the MFI and through interactions amongst themselves in a group. In this regard, the provision of awareness and training to the clients on business entrepreneurship is dealt with here.

Training and Advisory Services

Table 24 Percentage distribution of the sample by participation in training and advisory service

Clients were asked if and how they received any form of training on business entrepreneurship after they joined the MFI.

Frequency of training	Before MFI		After MFI	
	No of Cases	Percent	No of Cases	Percent
Twice a year	7	2.0	15	4.1
Once a year	109	29.2	335	89.8
Never at all	257	68.8	23	6.1
Total	373	100.0	373	100.0

Source: Survey conducted by the researcher

As we can see in table 24, 4.1% of the respondents attended training twice a year after joining MFI while the percentage previously stood at 2 percent. On the other hand, the percentage of respondents that received training once a year after and before joining MFI, respectively, is 89.8 percent and 29.2 percent. 6.1 percent have never received any such service after joining the MFI while the percentage previously stood at 68.8 percent.

The results of the FGD and interview show that the majority of women have received some sort of training on small business entrepreneurship. Some clients have received training once while others had the chance to get it twice. Most attended trainings when they joined the MFI. This indicates that the clients' awareness regarding business entrepreneurship has some what increased after joining the MFI.

The MFI is giving training on small businesses which might not be adequate at times. The clients are not profitable due to lack of provision of a regular training and advisory

service on small and medium scale businesses. In addition, since there is a direct relationship between engagement in business and health, it would not be possible to enhance their working capabilities and improve incomes without awareness on health issues.

4.8 The Impact of Microfinance on Self Confidence and Esteem

As indicated under the review of literature, self-confidence and self-esteem are potential results of empowerment. This part deals with the impact of microfinance on the self-esteem and self-confidence of the clients.

Cheston and Kuhn (2002) identified self-confidence as one of the most crucial areas for empowerment. We will here below look into the effects of MFI participation in enhancing the clients 'self-confidence.

Self Image

Table 25 Percentage distribution of the sample by level of self image

Level of self-confidence	Before MFI		After MFI	
	No of Cases	Percent	No of Cases	Percent
very important	219	58.6	282	75.6
less important	127	34.1	81	21.7
I do not know	19	5.0	10	2.7
Total	365	97.7	373	100.0
Missing system	8	2.3		
Total	373	373	373	100.0

Source: Survey conducted by the researcher

Table 25 shows, after joining MFI, 75.6 of the respondents have a feel of importance as compared to 58.6 percent before participating in the MFI. 21.7 and 34.1 percent feel less important, respectively, after and before joining MFI. On the other hand, 2.7 and 5 percent do not really know their feeling about themselves, respectively, after and before

joining MFI. The self-confidence of the women has generally improved after they joined the MFI.

It appears that from the replies of the FGD and interview participants that their self confidence and value toward themselves has enhanced after the intervention of microfinance. A 28 years old lady who is single said the following.

> *The fact that I now engage in some sort of business has itself enhanced my self confidence* (FGD, Group 3).

The following has been noted by a 46 years old widow.

> *I am encouraged with the changes brought about in my family after I joined the MFI. This gives the confidence that I can work and improve my living.* (FGD, Group 2).

A 33 years old client had this to say.

> *Previously I was financially dependent on my husband. My confidence has improved because I now have my own income* (Interview 10).

A 35 years old lady 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* (FGD, Group 1).

All in all, the self-confidence of most of the women has enhanced after their participation in MFI. This is a very basic requirement of empowerment as the women would be encouraged to work hard and improve their lives as their self-confidence enhances.

Chapter Five

Summary and Conclusion

5.1 Summary

In addition to being a human rights issue, the empowerment of women is necessitated because of the fact that women are generally more vulnerable to poverty and it is a basic condition for development. The empowerment of women is also fundamental to bring about changes in areas such as health and finance in the family and the society at large. The delivery of microfinance is one of the approaches to the empowerment of women.

The objective of the study is to assess the impact of microfinance in the empowerment of women. The research was conducted at the Specialized Financial and Promotional Institution (SFPI). The researcher used both qualitative and quantitative methods to obtain a reliable data. Three focus group discussions were conducted involving 18 women clients while in-depth interviews were carried out with another 12. In addition, structured questionnaires were administered for 373 clients of the microfinance institution.

The clients considered in the study were women in the age range of 20 to above 40 years and predominately followers of the Orthodox Church. The educational level of the women ranged from illiterate to secondary school while their marital status fall in the categories of married, widowed, divorced and singles. The majority of the clients heard about the MFI from relatives and friends and have an experience of four or more years with the institution. Furthermore, private money lenders were the source of credit for most of the women before they joined the MFI.

The results of the study revealed that the clients have a favorable perception of the microfinance institution because it is viewed as a steady source of working capital with lower interest rates than other informal sources of credit and guarantee requirements in comparison to the informal sector. On the negative side, clients consider the loans offered by the institution as too small, its repayment policy inflexible and with problematic group

dynamics. The clients are also not happy with the high interest rate levied on loans in comparison to that applied on savings.

Although the results vary, the study indicated that the delivery of microfinance has resulted in income increases for some of the clients. While a few of the clients use their earning for the purchase of food items, the research revealed that most employed the incomes to start their own business, usually small trade. Furthermore, the majority of the clients have been able to generate money savings after joining the institution. It has also been found out that decisions pertaining to the money secured through credit and the resulting incomes are made either solely by themselves or jointly with the husband. The above results indicate that the delivery microfinance has shown positive signs towards the economic empowerment of the women.

The results have shown that women mostly tend to spend incomes generated through microfinance for family purposes. However, the husbands' reactions to the contribution made by the women are mixed, i.e., appreciation, indifference, or disapproval. The results of the study did not reveal an enhancement in the decision making power of women and varying, i.e., declining as well as increasing, trends of domestic violence were observed following the participation in microfinance. Generally, despite the economic empowerment, microfinance has not brought about changes in decision making powers of the women at the household level.

The study 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. Furthermore, access to microfinance has not resulted in the political empowerment of the women as reflected in the respect for their legal rights, ownership of household assets and assuming of political position.

The women's self-confidence in relation to their capabilities to work on their own and improve their lives has improved after their participation in microfinance. The

development of self-confidence is considered to be a positive step towards their empowerment.

5.2 Conclusion

Microfinance plays a significant role in the economic empowerment 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, although in small amounts, and improve savings. In addition, the decision making powers of the women on the loan secured from the MFI has enhanced following their participation in microfinance. The above findings indicate that the delivery of microfinance had positive impacts in the economic empowerment of the clients, although the income increases were small.

However, access to microfinance has failed to result in significant changes in the gender relations at the household level and the attitude of the husband towards the women's contribution to the household. The impact of microfinance in enhancing the women's decision making powers was also not that significant. Furthermore, although the level of domestic violence has shown decline in some cases, it even got worse with others after the women participated in microfinance. Hence, despite its positive impacts on improving the women's basic needs, microfinance has generally fallen short of brining about changes in strategic gender needs and gender relations at the household level.

With regards to the availability of spare times for women, the involvement in microfinance has actually increased their work burdens. Since no action was taken by the microfinance institution with respect to women's participation in domestic and community services, their engagement in business activities intensifies the already excessive work loads. In addition, their situation is exacerbated due to the fact that they receive no assistance from the husband in carrying out the domestic activities.

In the political arena, microfinance has not been successful in enhancing the political participation of women and ensuring the respect for their legal rights. The results basically indicate that improving the political situation of women without taking actions beyond the delivery of economic resources through microfinance would not be achieved.

All in all, the delivery of microfinance had positive impacts in the economic empowerment of the clients, although the income increases were small. Participation in microfinance has also enhanced the women's self-confidence and enabled them to realize their potentials to engage in business and improve the household which is positive sigh of empowerment. However, it has basically failed to bring about the desired socio-cultural and political empowerment of women.

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APENDIX A

IN-DEPTH INTERVIEW

Age _____

Religion _____

Marital Status _____

Level of Education _____

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

1) Before joining the MFI, where did you use to borrow money from? If you had a source of credit, please explain any problems you experienced with the former source of credit.
2) In your view, what are the advantages and limitations of the microfinance delivery by the institution?
3) How do you utilize the loan secured from the MFI? How do you compare the income and saving levels before and after joining the MFI?
4) Who decides on the use of the loan received from the MFI?
5) Who is the head of your family?
6) Do you make contributions to the household from the loans secured from the MFI? If yes, how does your husband view your contribution to the family?

7) 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?
8) Is there any change in your household decision making after your MFI membership?
9) How do you compare the level of domestic violence caused by your husband before and after joining the MFI? What are the types of domestic violence encountered and what do you think are the reasons for the situation?
10) How do compare your domestic workload before and after you joined the MFI? Why? Does your husband assist you in carrying out the workload?
11) Are there any changes in your political participation before and after you became a member of the MFI? What about with respect to your legal rights?
12) Are there any changes in your political participation before and after you became a member of the MFI? What about with respect to your legal rights?
13) How would you compare your self-confidence before and after you joined the MFI? Why?

APPENDIX B

FOCUS GROUP DISCUSSION

Age _____

Religion _____

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) Are there any changes in your political participation before and after you became a member of the MFI? What about with respect to your legal rights?
11) Are there any changes in your political participation before and after you became a member of the MFI? What about with respect to your legal rights?
12) How would you compare your self-confidence before and after you joined the MFI? Why?

APPENDIX C

STRUCTURED QUESTIONNAIRE

1) Age

1	20-24
2	25-29
3	30-34
4	35-40
5	40 and above

2) Religion

1	Orthodox
2	Muslim
3	Catholic
4	Protestant
5	Others

3) Marital Status

1	Married
2	Widow
3	Divorced
4	Single

4) Level of education

1	Illiterate
2	Read and write
3	Primary Level
4	Secondary level

5) For how long (in years) have you been a member of the MFI?

1	<1yr
2	1-3
3	4-6
4	>7

6) What was your source of information about MFI?

1	People
2	Kebele
3	Others

7) What was your source of credit prior to joining the MFI?

1	Private money lenders
2	Relatives/friends
3	Equib/iddir
4	No means

8) Why do you like the loan provision by the MFI?

1	Low interest rate than other informal sources of credit
2	Steady source of working capital
3	Group solidarity and/or group dynamics
4	Easier guarantees than other loan alternatives

9) What are the limitations of the MFI?

1	High interest rate
2	Too small loan size
3	Repayment policy
4	Problematic groups dynamic
5	Do not know
6	High interest rate, small loan size, repayment policy

10) What was your level of income before joining the MFI?

1	<100 birr
2	101 - 200 birr
3	201 - 300 birr
4	301 - 400 birr
5	401 - 500 birr
6	> 500 birr
7	Do not know

11) What is your level of income before joining the MFI?

1	<100 birr
2	101 - 200 birr
3	201 - 300 birr
4	301 - 400 birr
5	401 - 500 birr
6	> 500 birr
7	Do not know

12) For what purpose(s) do you use the loan secured from the MFI?

1	Purchase of food items
2	Business/trade
3	Others

13) Where did you save your money before joining the MFI?

1	Save in MFI
2	Save in Bank
3	Never saved

13) Where do you save your money after joining the MFI?

1	Save in MFI
2	Save in Bank
3	Never saved

14) Who makes decisions pertaining to the use of loan secured through MFI?

1	Myself alone
2	My husband and myself together
3	My husband

15) Who is the head of the family?

1	Husband
2	Wife

16) How was your husband's cash expenditure before joining the MFI?

1	Spend for family purpose
2	Spend more for personal use(cloth, drinking liquors, etc)
3	Doesn't have a job
4	No spouse

17) How is your husband's cash expenditure after joining the MFI?

1	Spend for family purpose
2	Spend more for personal use(cloth, drinking liquors, etc)
3	Doesn't have a job
4	No spouse

18) How did your husband view your contribution to the household prior to MFI participation?

1	Appreciation
2	Keeps quite(as normal)
3	Less important (no appreciation)
4	Doesn't have a job
5	No spouse

19) How does your husband view your contribution to the household after the MFI participation?

1	Appreciation
2	Keeps quite(as normal)
3	Less important (no appreciation)
4	Doesn't have a job
5	No spouse

20) How do you assess the decision making power you had before joining the MFI?

1	Fully participate
2	Occasionally/partly
3	Rarely
4	No spouse

21) How do you assess the decision making power you have after joining the MFI?

1	Fully participate
2	Occasionally/partly
3	Rarely
4	No spouse

22) How was the level of domestic violence prior to joining the MFI?

1	Frequently
2	Occasionally
3	Rarely
4	Never
5	No spouse

23) How is the level of domestic violence after joining the MFI?

1	Frequently
2	Occasionally
3	Rarely
4	Never
5	No spouse

24) In which institutions did you participate before joining the MFI?

1	Equib
2	Idir
3	Mahiber

25) In which institutions do you participate after joining the MFI?

1	Equib
2	Idir
3	Mahiber

26) How do you assess the domestic workload before your membership in the MFI?

1	Very high
2	High
3	Medium
4	Low

27) How do you assess the domestic workload after your membership in the MFI?

1	Very high
2	High
3	Medium
4	Low

28) Did your husband assist you in carrying out the domestic work before you joined the MFI?

1	Yes
2	No
3	No spouse

29) Does your husband assist you in carrying out the domestic work after you joined the MFI?

1	Yes
2	No
3	No spouse

30) How do you view your confidence to claim for political and legal rights before joining the MFI?

1	High
2	Medium
3	Low

31) How do you view your confidence to claim for political and legal rights after joining the MFI?

1	High
2	Medium
3	Low

32) Did you enjoy asset ownership rights before joining MFI?

1	High
2	Medium
3	Poor
4	No Spouse

33) Do you enjoy asset ownership rights after joining MFI?

1	High
2	Medium
3	Poor
4	No Spouse

34) How was your political participation before joining the MFI?

1	Many times
2	Sometimes
3	Never

35) How is your political participation after joining the MFI?

1	Many times
2	Sometimes
3	Never

36) Did you have knowledge about HIV/AIDS before you joined the MFI?

1	Know all methods of prevention
2	Know some methods of prevention

37) Do you have knowledge about HIV/AIDS after you joined the MFI?

1	Know all methods of prevention
2	Know some methods of prevention

38) Did you practice HTP before joining the MFI?

1	Practice all of them
2	practice some of them
3	Never practice

39) Do you practice HTP after joining the MFI?

1	Practice all of them
2	practice some of them
3	Never practice

40) Did you use modern family planning methods before joining the MFI?

1	Always
2	Sometimes
3	Never at all

41) Do you use modern family planning methods after joining the MFI?

1	Always
2	Sometimes
3	Never at all

42) Have often do you attend training and awareness sessions after joining the MFI?

1	Always
2	Sometimes
3	Never at all

43) How do you assess your confidence level before joining the MFI?

1	Very important
2	Less important
3	I do not know

44) How do you assess your confidence level after joining the MFI?

1	Very important
2	Less important
3	I do not know