

**EFFECT OF MICROFINANCE ON RURAL WOMEN EMPOWERMENT: THE
CASE OF VILLAGE SAVING AND LOAN ASSOCIATION IN FEDIS DISTRICT,
EAST HARARGHE ZONE, OROMIA NATIONAL REGIONAL STATE,
ETHIOPIA**

MSW Project Work

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May 2015

Addis Ababa, Ethiopia

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**A Thesis Submitted to Indira Gandhi National Open University (IGNOU),
School of Social Work**

**In Partial Fulfillment of the Requirements for
MASTER DEGREE IN SOCIAL WORK (MSW)**

By

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DECLARATION

I hereby declare that this dissertation entitled **EFFECT OF MICROFINANCE ON RURAL WOMEN EMPOWERMENT: THE CASE OF VILLAGE SAVING AND LOAN ASSOCIATION IN FEDIS DISTRICT, EAST HARARGHE ZONE, OROMIA NATIONAL REGIONAL STATE, ETHIOPIA** is submitted by me for the partial fulfilment of the MSW to Indira Gandhi National Open University, (IGNOU) Ne Delhi is my own original work and has not been submitted earlier, either to IGNOU or to any other institution for the fulfilment of this manuscript in whole or in part is lifted and incorporated in this report form and earlier work done by me or others.

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CERTIFICATE

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BIOGRAPHY

The Researcher, Martha Alemayehu, was born in East Hararghe zone, Harar town in 1983 G.C. she completed her Primary and Secondary Education in Harar Bethlehem and in Addis Ababa Black Lion schools respectively. She then attended her tertiary study at Addis Ababa University and graduated with Sociology in July 2004. She worked in various local and international organizations. Currently she is working in the organization which is supporting and implementing microfinance in East and West Hararge as well as South Gondar Zones.

ACKNOWLEDGEMENT

I would like to express my special gratitude to God, our creator. Heartfelt thanks to my husband, Gizachew Yehualashet who devoted his scarce time to my education, inspiration, and envision for successful life. To my beloved children Sebenemariam and Thomas Gizachew, who have become stimulation for me in all my endeavours and to all my beloved family members.

I convey my greatest thanks and heartfelt appreciation to my advisor Mr.Mosisa Kejela for his guidance, valuable comments, and encouragement to finalize the thesis write up. Special thanks and acknowledgement should go to my work colleagues for their guidance and sharing valuable reference materials extended leave approval at time of pick working months. I would like to express my sincere appreciation and thanks to all the district office staff members for their sincere support and collaboration in the entire research process.

Unreserved acknowledgements and appreciation goes to the field work enumerators who collected data for this study. Many thanks and appreciation should reaches to 90 target respondents for their valuable information and time scarified for interview and group discussion, without their cooperation the study would not have been possible.

I dedicate this paper to my parents W/o Askale Ayalew Tekle and my father Ato Almayehu Bekele Anawetew who sacrificed to brought me up.

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ACRONYMS

ADLI	Agricultural Development Lead Industrialization
CSA	Central Statistics Agency
CSSLG	Community Self-help Saving and Lending group
DFID	Department for International Development
FGD	Focus Group Discussion
FDRE	Federal Democratic Republic of Ethiopia
GDP	Gross Domestic Product
GTP	Growth and Transformation Plan
HH	Household
IFAD	International Fund for Agriculture Development
MMD	Mata Masu Dubara
MoFED	Ministry of Finance and Economic Development
NBE	National Bank of Ethiopia
PASDEP	Plan for Accelerated and Sustainable development to End Poverty
PRSP	Poverty Reduction Strategic Paper
SDRPRP	Sustainable Development and Poverty Reduction Program
SIDA	Swedish International Development Assistance
SLA	Sustainable Livelihoods Approach
UNCDF	United Nations Capital Development Fund
UNFCCC	United Nations Framework Convention on Climate Change
VSLA	Village Saving and Loan Association

ABSTRACT

This study set out to assess the effect of microfinance on rural women empowerment in the case of Fedis District East Hararghe Zone, Oromia National Regional State, Ethiopia. The study employed multi-stage sampling technique to draw 90 sample respondents. Enumerator assisted validated questionnaire was used to gather data from the sample households. Simple descriptive statistical analysis such as mean, standard deviation and percentage used to analyse the data. Results of the study revealed that the empowerment status of the village savings and loan association member sampled respondents is better than the non-member sampled respondents. The result has showed that marital status, dependency ratio, distances from the nearest market are found to influence women empowerment negatively. On the other hand, family size, level of formal education, years of experience in income generation, years of membership in village saving and loan associations and livestock ownership are found to influence women empowerment positively. The descriptive statistics results on saving and loan use pattern of the sampled respondents of the association members showed significant changes on saving and credit uptakes. In village saving and loan association microfinance products has creating wider opportunity for members to engage in productive activities and linkage with formal MFI institution enhanced access to credit services. However, women empowerment cannot be attained through mere provision of microfinance as it determined by other factors indicated above and other situational factors. Therefore, programs that aiming at inducing women empowerment through microfinance needs to consider the importance of factors that affect both negatively and positively. Besides this, recommends special attention for women living far from the district town in terms of promotion of appropriate income generation options.

1. INTRODUCTION

1.1. Background of the Study

The government of Ethiopia has designed development strategies, such as “Sustainable Development and Poverty Reduction Program” that follows Agricultural Development Led Industrialization (ADLI) strategy emphasized rural finance services as one of the main policy focus. Accordingly, formal microfinance in Ethiopia started since 1994/5. In particular, the licensing and supervision of Microfinance Institution Proclamation No. 40/1996 encouraged the spread of microfinance institutions as it authorized them to, among other things, legally accept deposits from the general public (hence diversify the sources of funds), draw and accept drafts and manage funds for the micro financing business (Getaneh and Carter, 2007).

Microfinance is primarily perceived as a development strategy that provides credit and savings services to the poor, particularly rural women, for income-generating activities. (Wolday, 2004). The main objective of the microfinance institutions is the delivery of financial services (providing micro-loans, micro-savings, micro-insurance, money transfer, etc) to a large number of productive but resource-poor people in rural and urban areas, including micro and small entrepreneurs in a cost-effective and sustainable way.

However, studies show that microfinance plays effective role for women’s empowerment for being it enhances self-esteem, and confidence to negotiate at household level. UNCDF (2004) states that microfinance plays three key roles in development: First it helps very poor households to meet their basic needs and protect against risks, Secondly, it is associated with improvements in household economic welfare. Thirdly, it helps to empower women by supporting women’s economic participation and also by promoting this approach.’

The main target group is poor women and women capable of providing alternative female role models for change. Equally, attention has also be given to men's roles in challenging gender inequality. Mayoux (2005) indicated that in the feminist paradigm, women’s empowerment is seen as an integral and inseparable part of a wider process of social transformation.

However, in Ethiopia the absence of adequate formal microfinance service providers that suit the socio-economic condition of poor households is one of major factor that limiting households to income diversification options in the rural areas (Power Africa, 2011). To fill these gap of scarcity in microfinance service providers, Power Africa Ethiopia has introduced Community Self-help Saving and Loan groups that later on called Village Saving and Loan Association (VSLA) microfinance model in selected districts in Oromia and Amhara regions aligning to the National Safety Net Program of the Government of Ethiopia which has being implemented in the country since 2005 to support chronically food insecure farmers to be food self-sufficient. Power Africa- Niger first introduced Village Saving and lending Association (VSLA) model called “*Mata Masu Dubara*” (MMD, literally meaning, Women on the Move (Huge, 2002). Then, to replicate the organization experiences Power Africa in Ethiopia has conducted assessment in 2010 in Kurfa Chelle and Grawa districts and then replicated the practice to Fedis and another 11 districts which are located in Oromia and Amhara regions.

Consequently, the approach has been implemented in the Fedis district for 2 years and 3 months. So that, this would make it possible to assess the achievements and challenges faced during implementation and come up with baseline information to back up project decision makers.

It is believed that wellbeing of the community can be maintained not only by addressing economic issues but also through addressing the socio physiological issues which are highly related to culture, norms and beliefs of the society. Though the primary objectives of VSLA are, income diversification suited to the socio-economic conditions of poor households in the project area (Power Africa, 2011) and secondly is to use the group to identify and address social factors that hinders the wellbeing of the community particularly poor women.

1.2. Statement of the Problem

Participation in savings and credit programmes helps empower women by increasing their contribution to household income and by exposing them to contexts outside the domestic realm. Just as increased income gives women more bargaining power within the household, increased social and political awareness puts them in a better position for negotiating or for

functioning in the public sphere. Thus, increases in self-esteem and a sense of self-worth have been noted as a further result of women's participation in microfinance programmes (UNCDF, 2002). Aliya (2004) although it is not always an outlined objective of microfinance, women empowerment is one of the self-evident objectives since microfinance programmes have generally and mostly targeted women as clients.

Moreover, SIDA (2004) study shows that there is a positive correlation between microfinance and empowerment of poor and disadvantaged people particularly, women, indigenous people, and victims of ethnic or cultural discrimination. This is because of access to financial services, such as savings, credit, money transfers and insurance, contributes to expanding poor people's choices and improves their ability to respond to opportunities. It helps reduce vulnerability by providing the means to smooth consumption and bridge crises. However, financial services can make vital contributions to the economic productivity and social well-being of poor women and their households, but it does not 'automatically' empower women (Kabeer, 2005). Power Africa - Ethiopia East Hararghe zone has been promoting village saving and loan associations' microfinance model in Fedis district with primary focus on promotion of village saving and loan association microfinance, shoat provision, provision of agricultural inputs and linking producers with market. Women empowerment, one of the cross-cutting issues of Power Africa, is also an implicit objective of the microfinance model as it is the case for any microfinance program.

The project so far have organized 230 groups with 10-20 members per group that makes the total number of VSLA beneficiaries, 3642. Out of these, 85% were women (Power Africa, 2014) and the rest 15% were men. The periodic monitoring and evaluation reports of the organization showed women and men who accessed loan able to engage in different small business activities and started to accumulate household assets. Given the interconnectedness of the social, political and economic dimensions of empowerment, empowering changes in one dimension may trigger changes in other dimensions. Thus, the improvement of women's economic empowerment has the potential to lead to positive changes in social and political dimensions. Testing this assumption and identifying relations between VSLA microfinance and the multidimensional empowerment of women, which was vague due to scant empirical

studies, particularly in the study area. Thus, this research was initiated to fill this knowledge gap.

1.3. Objective of the Study

The **general objective** of the study is to analyse the effect of microfinance on rural women in the study area.

The **specific objectives** of the study are:

- to assess the status of rural women empowerment as a consequence of microfinance access in the study area;
- to identify determinants of women empowerment through village saving and loan associations, microfinance services in the study area; and
- to assess savings and loan use patterns of village savings and loan associations' members in the study area.

1.4. Research Questions

- Is there empowerment status difference between village saving and loan associations' members and non-members in the study area?
- What are the determinants of women empowerment through village saving and loan associations' microfinance services in the study area?
- Do village savings and loan association members brought changes on loan and credit use patterns compare to non-association members in the study area?

1.5. Significance of the Study

Proper understanding of the dynamics of microfinance and its effect on women empowerment is vital information for planners to design projects and program that focus on women empowerment. There is no research conducted on the subject of women empowerment through microfinance in the study district. Thus, findings of this research will be used as a reference for anyone who is interested in the field to conduct further study in the future.

On the other hand, the empowerment perspectives of microfinance on rural women not well articulated in the development projects designed in the study area. So Power Africa can use

result of the study as an input to measure the program impacts on women empowerment on the top of social and economic benefits of VSLA and also the output can be an evidence to promote the VSLA's microfinance as one strategy for women social and economic empowerment and could also give insight for further investigation and analysis with support of fund providing organization donors and humanitarian organizations. Therefore, the study has fundamental importance in laying foundation that shows the inherent relationships between microfinance and women empowerment, draw lessons, and recommend issues for future intervention. It is also very important to determine the linkages so as to design interventions that best adapt to local contexts and that would support effective implementation of current program policies.

1.6. Scope and Limitation of the Study

This study is only a piece of enormous efforts to unfold realities regarding the relationship between VSLA microfinance with multidimensional women empowerment. Therefore its scope is limited in terms of coverage and depth owing to financial and time resources availability. It is limited to only VSLA microfinance in terms of subject and Fedis district in terms of area coverage. On the other hand VSLA is a group business however this study examines empowerment at individual members' level and it doesn't deal with the group empowerment status of the association. Besides, the study focused on the major variables assumed to influence empowerment and may not address all the situational factors affecting women empowerment due to time and resource limitation. Otherwise, the result of this study can be used as a reference for other similar areas.

1.7. Organization of the Thesis

This thesis is organized into five chapters. The first chapter one has already set out background to the study. Chapter two presents review of literature. Chapter three presents methodology used. Chapter four dealt on result and discussion, and the last Chapter five presents, conclusion, and recommendations made based on the preceding chapter findings.

2. LITERATURE REVIEW

2.1. The Concept of Empowerment

Empowerment is a process that is manifested in more than one dimension. The most frequently identified dimension is women's absolute wellbeing, where empowerment is seen as the process of improving the welfare of women and girls, and is indicated by outcomes that measure current status with respect to literacy and schooling, health and nutrition, social and political participation, information seeking behaviour, contraceptive use, mobility, self esteem, and ownership of clothing and assets. Another dimension is women's relative well-being, where empowerment is seen as the process of improving the position of women relative to men within the household, and is indicated by women's involvement in intra-household processes such as decision-making, control over household income and assets, and control over loans taken (Pradhan, 2003, Ali and Hatta, 2012).

Kabeer (2000) argues that one way of discussing empowerment is in terms of their ability to make choices as 'Disempowered' means one is denied of making any choices. The notion of empowerment, according to Kabeer, is inescapably bound up with the condition of disempowerment and refers to the process by which those who have denied the ability to make choices acquire such ability. Empowerment entails a process of change in the sense that it implies the ability to make choices were denied to them in the first place and empowerment enables them to make such choices. As far as those who had such choices earlier, empowerment is meaningless. Hence, Kabeer defines empowerment as the expansion in people's ability to make strategic life choices in a context this ability was previously denied to them. Interpreted in this way, empowerment has got three dimensions: resources which form the conditions under which choices are made, Agency is at the heart of all the process by which choices are made, and Achievements, are the outcome of choices.

Empowerment (irrespective of gender) is defined as the ability of the people, in particular the least privileged to: a) have an access to productive resources that enable them to increase their earnings and obtain the goods and services they need and b) participate in the development process and the decision that affect them. In general, empowerment of women is incomplete

and biased if it measures only inequality and fails to include important non-economic dimensions of decision-making power both at the household level and over women's own bodies and sexuality. These two aspects are related and one without the other is not empowerment (Khan and Noreen, 2012).

2.2. Defining Women's Empowerment

Empowerment is defined as the processes by which women take control and ownership of their lives through expansion of their choices (Chamber, 1993, UN, 2001). Thus, it is the process of acquiring the ability to make strategic life choices in a context where this ability has previously been denied. The core elements of empowerment have been defined as agency (the ability to define one's goals and act upon them), awareness of gendered power structures, self-esteem and self-confidence (Kabeer, 2001). As long as the disadvantaged suffer from economic deprivation and livelihood insecurity, they will not be in a position to mobilize (UNDP, 2001).

Mosedale (2005) different people use empowerment to mean different things. However there are four aspects which seem to be generally accepted in the literature on women's empowerment. Firstly to be empowered one must have been disempowered. It is relevant to speak of empowering women, for example, because, as a group, they are disempowered relative to men. Secondly empowerment cannot be bestowed by a third party rather those who would become empowered must claim it. Development agencies cannot therefore empower women, hence the most they can achieve is to facilitate women empowering themselves. They may be able to create conditions favourable to empowerment but they cannot make it happen. Thirdly, definitions of empowerment usually include a sense of people making decisions on matters which are important in their lives and being able to carry them out.

Cheston and Kuhn (2002) empowerment is about change, choice and power. It is a 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. The structure of power who has it, sources, and how it is exercised directly affects the choices that women are able to make in their lives. Microfinance

programs can have tremendous impact on the empowerment process if their products and services take these structures into account.

ADF (2008) empowerment is about people both women and men taking control over their lives: setting their own agendas, gaining skills, building self-confidence, solving problems, developing self-reliance, and expressing their voice. It is both a process and an outcome. No one can empower another: only the individual can empower herself or himself to make choices or to speak out. However, some institutions can support processes that can nurture self-empowerment of relegated individuals or groups.

Rowlands (1997) describe empowerment as a process whereby women become able to organize themselves to increase their own self-reliance, to assert their independent right to make choices and to control resources which will assist in challenging and eliminating their own subordination'. The World Bank and many other development agencies describe empowerment as enhancing an individual's or group's capacity to make choices into desired actions and outcomes (World Bank, 2007).

Swain and Wallentin (2008) woman empowerment is a multi-dimensional process which intersects the woman's personal, family, social, cultural, economic and political space. Moreover, behavioural changes in the woman, her spouse and other members of the household, are also important component of women empowerment. A woman's response on a possible situation of verbal abuse, psychological and emotional abuse and physical abuse are all indicative of changes that might ultimately impact her empowerment. Increased self-confidence along with greater involvement in all decisions of the family may also be inferred as greater empowerment. UNFPA (2011) women's empowerment is essential for achieving gender equality and includes four main components. Integral to women's physical and emotional well-being, these are also fundamental if women are to achieve equal political, economic, social and cultural rights. The four components include the right to have the power to control their own lives, both within and outside home that endows women with the freedom to pursue employment and maintain an income. The second is the right to have opportunities and access to, which enables women to increase financial and non-financial assets and

resources, including savings, land, business acquisitions, food, medical Power Africa , and family planning needs. The third component is about the right to have and determine choice within the household and marriage, including choices on the use of earnings, justification in refusing sexual intercourse and decisions about how many children to have. The last is about sense of self-worth that relates to protecting domestic violence and the development of confidence within both at home and the society.

Mayoux (2000) defines empowerment as a process of change in power relations that is both multidimensional and interlinked. She has also laid out a framework that is useful for developing strategies for women's empowerment. These are, Power within, enabling women to articulate their own aspirations and strategies for change. Power to, enable woman to develop the necessary skills and access to productive resources to achieve their aspirations. Power with examine and articulate women's collective interests, to organize to achieve them and link with other women's and men's organization for change. Power over, it deals on changing the underlying inequalities in power and resources that constrain Women's aspiration and their ability to achieve them.

2.3. Operational Definition of Empowerment

IFAD (2011) the logic of microfinance's potential for empowerment is similar to the economic model of empowerment: microfinance makes women economically independent by putting capital and financial resources in their hands. Economic independence results in higher bargaining power for women in their households and communities, and subsequently results in higher prestige and self-esteem. Here the functions of microfinance are synchronous with its potential to empower. Microfinance has been seen as contributing not only to poverty reduction and financial sustainability, but also to a series of 'virtuous spirals' of economic empowerment, increased well-being and social and political empowerment for women themselves, thereby addressing goals of gender equality and empowerment (Mayoux and Hartl 2009).

Empowerment through microfinance is identified and measured in various dimensions: impact on decision-making, on self-confidence of women, on their status at home, on family relationships and the incidence of domestic violence, on their involvement in the community, on their political empowerment and rights (Cheston and Kuhn 2002).

However, for the purpose of this study, women empowerment is operationalized as the expansion of economic activities and assets of women to participate in public meetings influence to make decisions, use contraceptives, awareness on the legal rights and control and hold accountable institutions that affect their lives. In the context of this definition, institutions include not just organizations but also the rules of the game. On the other hand, assets refer to financial, human, physical and social assets as conceptualized in the definition of livelihoods by Department for International Development (DFID). That is, financial assets, cash savings, access to loans and other financial services. Physical assets are housing, livestock, jewellery, land, consumer durables, and tools. Human assets are about good health, ability to labour, knowledge and skills. Social assets indicate the networks, membership in associations, groups or village committees, relationships of trust and access to wider institutions of society.

2.4. Microfinance

Microfinance refers to a diverse array of financial services, including credit, savings, insurance, money transfer, that designed to assist the poor, who have no access to financial services (SIDA, 2004, and UNCDF, 2004. Dr. Mohammad Yunus launched the microfinance movement when, as an economics professor, he was exposed to the suffering of the starving during the famines following the partition of Bangladesh. He began visiting local villagers to see what he could do to help, and soon discovered that small loans, initially only twenty-seven dollars, made a big difference in the lives of the poor. He went on to develop Grameen Bank in the 1970s, which became the first for-profit company to win a Nobel Prize when Yunus and Grameen won the Nobel Peace Prize in 2006.

Microcredit is often geared specifically to support women borrowers because, as the Grameen Bank states, “When men get the chance, they start dreaming about themselves; when women get a chance, they dream about the home and their children.” 97% of Grameen Bank

customers are women a primary characteristic of many microfinance organizations. The fact that Grameen bank and Dr. Yunus were awarded Nobel Peace Prize is an appropriate public symbol of the global stature of microfinance today. After decades of frustration in global economic development work, microfinance is arguably the single most popularly celebrated global economic development opportunity.

2.4.1. What is microfinance?

Microfinance is the provision of financial services to low-income clients, including consumers and the self-employed, who traditionally lack access to banking and related services. Microcredit, or microfinance, is banking the un-bankable, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral (Sarumathi and Mohan, 2011).

Robinson (2001) microfinance refers to small-scale financial services primarily credit and savings provided to people who farm or fish or herd; who operate small enterprises or microenterprises where goods are produced, recycled, repaired, or sold; who provide services; who work for wages or commissions; who gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and groups at the local levels of developing countries, both rural and urban.

SIDA (2004) define microfinance in terms of loan amounts or lending methodology. Access to financial services, such as savings, credit, money transfers and insurance, contributes to expanding poor people's choices and improves their ability to respond to opportunities. UNCDF (2002) women's use of financial services can increase their income and economic security, enhance their independence, reduce the vulnerability of their families, and stimulate local economies.

Dunford (2000) discuss the term 'microfinance institutions' covers a broad spectrum from traditional businesses, for which social objectives are only a by-product to traditional social service organizations, for whom reaching the poorest is the prime objective. In between are

social enterprises, which are explicitly aiming at reaching very poor people but at the same time are aiming at sustainability.

Hashemi and Rosenberg, (2006) shows microfinance or formal financial services for the poor helps people fight poverty on their own terms, in a sustainable way. Poor people use loans, deposits, and other financial services to reduce their vulnerability, seize opportunities, and increase their earnings. Indirectly, microfinance improves schooling, health, and women's empowerment. In most settings, however, microfinance does not reach the people at the very bottom of the socioeconomic scale the "poorest. One reason extremely poor people may prefer non-financial assistance considering loan as debt. Therefore, poor people demands social protection programs such as safety nets (food aid or guaranteed employment) to support members from risk of slipping down to the bottom of the economic ladder who are too poor for conventional microfinance.

2.4.2. Microfinance and women empowerment

Mayoux (2002) revealed that microfinance programmes have significant potential for contributing to women's economic, social and political empowerment. Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing 'virtuous spirals' of empowerment. A majority of microfinance programs target women with the explicit goal of empowering them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority. Whereas, other believe that investing in women's capabilities empowers them to make choices which is a valuable goal in itself but it also contributes to greater economic growth and development (Sarumathi and Mohan, 2011).

Women can use savings and credit for economic activity, thus increasing incomes and assets and control over these incomes and assets. This economic contribution may increase their role in economic decision making in the household, leading to greater wellbeing for women and children as well as men (Skarlatos, 2004, Swain and Wallentin, 2008). Increased economic

role may lead to change in gender roles and increased status within households and communities (Dessy and Ewoudou, 2006).

Mayoux (2001) revealed that empowerment is about change, choice, and power. It is a 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. The structure of power has sources and ways exercised could directly affect the choices of women make in their lives. Hence, microfinance programs can have tremendous impact on the empowerment process if their products and services take these structures into account.

2.4.3 Microfinance in Ethiopia

Formal microfinance in Ethiopia started since 1994/5. In particular, the licensing and supervision of Microfinance Institution Proclamation No. 40/1996 encouraged the spread of microfinance institutions as it authorized them to, among other things, legally accept deposits from the general public (hence diversify the sources of funds), draw and accept drafts and manage funds for the micro financing business (Getaneh and Carter, 2007).

According to Sebstad (2002), the Ethiopian microfinance industry has undergone tremendous growth and development in a very short period of time. Today, 20 registered MFIs provide savings and credit services to more than 500,000 households in rural and urban areas across the country. To put the extraordinary growth of Ethiopian MFIs in perspective, as of December 2000, Dedebit Credit and Savings Institution (DECSI) was the fourth largest MFI in Africa in terms of total number of clients (187,470). While Amhara Credit and Saving Institution (ACSI) considered the sixth largest MFI in Africa with 143,520 clients. Only eight MFIs in Africa had more than 100,000 clients. This remarkable growth of new MFIs in less than five years is unprecedented in Africa.

As Sebstad indicated from the overall achievements of Ethiopian MFI in terms of outreach in relative to short time is very impressive. However, the scope of reaching needy beneficiaries still not met and demand for financial services remains high. According to (IFAD, 2001) RUFIP appraisal report, the potential demand for microfinance in rural Ethiopia is estimated to

be between 4.2 and 5.5 million households. Currently, MFIs reach approximately 10 percent of this market.

Moreover, government of Ethiopia has designed development strategies, such as “Sustainable Development and Poverty Reduction Programme” that follows Agricultural Development Led Industrialization (ADLI) strategy emphasized rural finance services as the main policy focus that stressed as one of the four pillars. The shortage of capital is seen as the most constraining factor when the available number of working age population and the potential cultivable land is considered (Getaneh and Carter, 2007).

The micro financing proclamation was issued in order to provide for legal regime of microfinance institutions within Ethiopia's monetary and financial policies. Besides, it was meant to fill the missing gap that the monetary and banking laws of the country did not provide for microfinance institutions that cater to the credit requirements of peasant farmers and micro-level business operators (Wolday, 2003).

Consequently, the main objective of the microfinance institutions is the delivery of financial services (providing micro-loans, micro-savings, micro-insurance, money transfer, etc) to a large number of productive but resource-poor people in rural and urban areas, including micro and small entrepreneurs in a cost-effective and sustainable way (Wolday, 2004).

The second phase of “Plan for Accelerated and Sustainable Development to End Poverty” PASDEP (2005-2010) Ethiopia's guiding strategic framework document provides strong emphasis to micro-enterprise and self-employment supportive intervention based on key principles such as: (a) enabling people, communities and business crowding – not crowding out personal responsibilities, (b) achieving the objectives through decentralization, private sector promotion and liberalizing market controls while reorganizing market failure, and (c) targeting services to vulnerable groups (FDRE, 2006). Similarly, the last five years Growth and Transformation plan gave emphasis on promotion of livelihoods diversification through off-farm income and small scale agricultural commercialization, (MoFED, 2010).

2.5. Indicators of Women Empowerment through Microfinance

Lakwo (2006) revealed that women's empowerment as a development goal is put into perspective. It is emphasized that empowerment is beyond mere poverty reduction; it should be seen as both a process and outcome of women's agency primarily, in challenging and changing, over time, social structures that perpetuate gender inequality. Women's empowerment is, therefore, argued as the reversal from development for women to women with development.

Carolyn and Sebstad (2000) suggested various indicators to determine degrees of empowerment: psychological, informational, organizational, material, social, financial or human, for opportunity structure, the presence and operations of formal and informal institutions, including the laws, regulatory frameworks and norms governing behaviour.

2.6. Empirical Findings on Women Empowerment

Women's ability to influence or make decisions that affect their lives and their future choice is considered as one of the principal components of empowerment by most scholars. It is much less clear, however, what types of decisions and what degree of influence should be classified as empowerment in different contexts. In spite of the difficulties, as cited by (Cheston and Kuhn, 2002) in a study conducted by the women's empowerment program in Nepal showed that an average of 89,000 out of 130,000 or 68% of women in its program experienced an increase in their decision-making roles in the areas of family planning, child marriage, buying and selling property, and sending their daughters to school, which all areas of decision making was traditionally dominated by men.

Similarly, Kabeer (1997) in her study of Small Enterprise Development Program (SEDP) in Bangladesh found that although SEDP contributes for women empowerment and well-being benefits substantially when women controlled their loans and used them for their own income-generating activities. Hence, bringing financial resources to the household in the form of credit was enough to secure at least some benefits for the majority of women.

There are of course two differing opinions on the impact of microfinance. The one who claims as microfinance is a ‘magic bullet’ to solve rural poverty and away for empowerment while others who are dismissive of its abilities as a cure-all panacea for development. Moreover, Kabeer (2005) study indicated that financial services can and does make vital contributions to the economic productivity and social well-being of poor women and their households, but it does not ‘automatically’ empower women.

Using logistical regression analysis as well as in composite empowerment index, Hashemi, *et al.* (1996) found that women’s access to credit contributed significantly to the magnitude of the economic contributions reported by women; the likelihood of an increase in asset holdings in their own names, increase in their exercise of purchasing power, improvement in political and legal awareness.

2.7. Theoretical Framework of the Research

All programs have a theory of action that links implementation with outcomes. In the case of micro-finance impact assessment, one needs to conceptualize how micro-finance leads to changes and what changes are reasonable to expect given the service provided and loan conditions (Hulme, 1999). Microfinance impact can be assessed at four levels: at individual, at household, at community and at enterprise level (Hulme, 1999; SEEP network, 2000; Birgit, 2001). Microfinance impact at individual level is reflected in increased empowerment (Sebstad and Gregory, 1996; Hulme, 2000; Birgit, 2001). Hence, the conceptual framework of the study adapted from the conceptual microfinance impact model developed by Sebstad *et al.*, 1995.

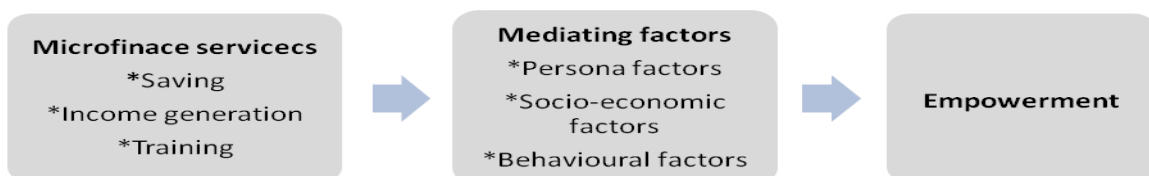


Figure 2.1. Conceptual Framework Diagram Adapted from (Sebstad et al, 1995)

Consequently, the conceptual frame of the study is developed with the following Assumptions.

1. Women's membership in village saving and loan associations. Microfinance intervention improves their empowerment status. This improvement in empowerment status is manifested in increased self-esteem, increased bargaining power, increased participation in household decision making, increased mobility, increased knowledge, increased participation in local common activities, increased control over household resources, ownership of own economic activity and ownership of assets by women;
2. Women empowerment through village saving and loan associations. Microfinance among others can be influenced by personal and demographic, institutional, socioeconomic and psychological factors.
3. Women participation in village saving and loan association microfinance can improve their saving and loan use behaviour.

3. RESEARCH METHODOLOGY

This Chapter contains five sections. The first section of this chapter describes the study area. In section two data types, data sources and data collection methods are presented. Section three and four presents sampling procedure and data analysis methods respectively. Section five provides definition of variables and working hypothesis.

3.1. Description of the Study Area

The study woreda is described in terms of location and size, Population, Economy and social infrastructure as follows.

3.1.1. Location and size

The study woreda Fedis is a district found in East Hararghe administrative zone in Oromiya National Regional state. The woreda capital town named Fedis is located at 567km away from Addis Ababa, 57km from zonal capital town of Harar, and 62km from Dire Dawa city administration. The district has total area of 301.77 Km², accounting for about 1.33% of the total area of East Hararge zone. The capital town of the district i.e., Fedis (has one Kebele) is located at a distance of 53Kms from Harar town to the south west direction. The district has 19 rural and one urban kebeles.

3.1.2. Population

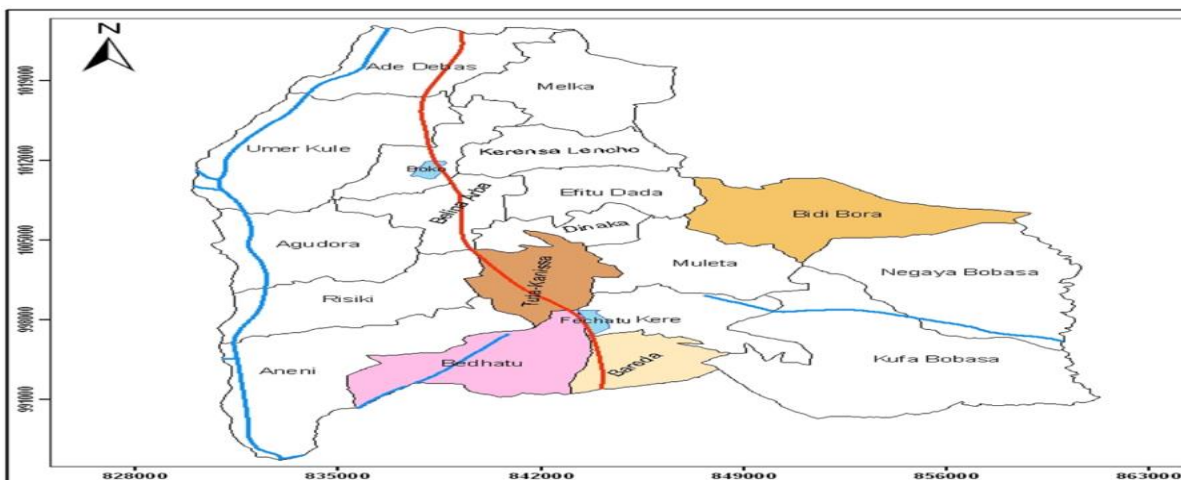
According to CSA 2007 report the total population of the woreda was 58,712 the proportion of male 50.5% and female 49.5%. From the total population about 9.8% dwelled in town and the remaining dwelled in 11 rural kebeles. Population density is 195 people per sq km that indicates the district as one of the most populous districts in East Hararghe zone. Most of the population members are Oromo ethnic group and their religion is Muslim, that is 99% and some 1 % accounts to Christianity and other religion followers.

3.1.3. Economy

Growing cereals, such as maize, sorghum, potato, wheat, barley, and cash crops such as Khat and coffee have significant importance for the livelihoods of the rural community. Livestock rearing is a common practice in all agro-climatic zones and farmers are generating considerable amount of income from this sector. In addition the off-farm and non-farm income sources, such as petty trade, casual labour, handicraft, and embroideries helps farmers' livelihoods at time of both bad and good seasons. Regardless of all the efforts the woreda has been dependant on external food assistance for many years. Among the major problems, small land holding size in the highland area, land degradation and fragmentation, recurrent drought incidences, and erratic rainfall distribution impaired the food security strategies.

3.1.4. Social infrastructure

There are only one senior secondary school, one junior high school, and 23 elementary schools in the district. There are four health centres and 11 health posts and no hospital in the woreda. The district has digital telecommunications service and recently got 24 hours hydroelectric power service.. The district has no formal bank services but there is microfinance institution (Oromia Credit and Saving Share Company) recently introduced in the study woreda. Moreover, the study woreda has 15 multipurpose farmers' cooperatives of which two of them are organized as saving and loan cooperatives. The district has two main market centres, Fechatu and Bareda towns .



Source: East Hararge Woreda Administration Office, 2015

Figure 2: Map of the study woreda

3.2. Sampling Design and Sample Size

In order to fulfil the objectives of the study, the sample included both beneficiaries and non-beneficiaries of the microfinance schemes. In the study area, two types of micro-credit are made available to the needy farmers. One is the micro-credit available through VSLAs and the other is through formal microfinance schemes. A large number of women in the study area are availing both, while a few are utilizing only VSLA micro-credit. This study focuses on the beneficiaries of both types.

Multi-stage sampling procedure was applied to draw samples for the study. Fedis district has a total of 19 kebeles of which 11 kebeles were village saving and loan associations operational. For the purpose of this study, the 11 kebeles where village saving and loan associations operational were selected purposively as a sampling frame. From the 11 kebeles, four were selected, based on their relative distance from district town taking 10 km as a cut-off point. Based on that the members of four kebeles, two from each distance category were selected randomly through drawing lottery from both lists. The sample size from four kebeles was determined through applying probability proportional to size (PPS) sampling procedures. Then the actual sample respondents of association were selected using simple random sampling method from the list of credit users of each kebele. While the number of non-credit users is in proportion to the total number of credit users and similar selection system was applied in the same kebele and village of users.

From the above sampling frames 45 women beneficiaries who have participated in VSLA and got benefit from microfinance institution for more than three years were selected and another 45 non-association members were selected from the same four kebeles. The total sample size of the research was 90 women from both association members and non-members of the study area.

3.3. Data Type and Methods of Data Collection

For this study, both primary and secondary data were collected and analyzed. The data were quantitative and qualitative in nature. The primary data were collected from different categories of respondents. Primary quantitative data were gathered through survey of the

sample respondents using pre-tested, semi-structured interview schedule. Primary qualitative data, in addition to those obtained from the open ended questions in the survey, were collected from additional respondents, such as key informants (KI) and participants of focus group discussions (FGD). Secondary data of quantitative and qualitative in nature, such as quarterly reports, evaluation reports, project proposals, woreda and zone profiles, and statically data were obtained from government and non-government organizations operating in the woreda.

For the purpose of conducting survey, five enumerators who are educated at least diploma level and well versed with the local language and culture of the community selected and deployed. Before conducting the survey, these enumerators were given thorough training and acquainted with the content of the interview schedule and pretested at Fedis kebele at the beginning of March 2015 with technical guidance of the researcher. In addition, training facilitated on methods of interviewing that helped the respondents to capture accurate information and approaching them to establish good rapport. Finally the survey was conducted from 12-20 March 2015 by the enumerators under close supervision of the researcher to ensure the reliability and completeness.

Moreover, focused group discussions (FGD) were held with mix of women from both association members and non-members in each kebele that address a total of four groups (one per kebele) for in depth discussion. These FGDs were held with the help of FGD guide and involvement of the researcher herself. In addition, Key Informant Interviews (KII) were conducted with community leaders and community facilitators of microfinance schemes. These informal interviews have been conducted with help of checklists. For all these qualitative data collection, the researcher herself participated to capture voice of the respondents using pocket tape recorder and use the voice to cross-check the accuracy of data at time of transcription.

3.4. Methods of Data Analysis

In order to analyze the data collected for the study descriptive statistics and focus group discussion used as qualitative evidence and included in the thesis write up.

3.5. Descriptive Statistics

Descriptive statistics such as mean, standard deviations, frequencies, percentages, and rankings methods were used. Furthermore, to measure the empowerment status of sample households, empowerment index was developed using nine indicators obtained from literature review. In developing the empowerment index, principles and procedures used by Dereje (2008) adapted for this study. In addition case studies were conducted adapting PRA techniques and analyzed with interpretations to triangulate information obtained by other methods.

Dependent variable: The dependent variable is women empowerment, which is measured by empowerment index calculated from nine most important indicators of women empowerment through microfinance. For the purpose of this study, the definition of women empowerment is operational as the expansion of economic activities and assets of women to participate in, influence, control and hold institution that affect their lives. Then the sample respondents were classified into five equal empowerment categories as very low, low, medium, high and very high and thereby dividing the empowerment score range into five equal parts. However, decimals were rounded into the nearest natural number, which do not give equal range across all categories. Thus, the dependent variable takes an ordinal nature.

Table 3.1. Empowerment indicators and their respective scores

SN	Indicators		SN	Indicators	
1	Ownership of personal asset				
1.1	Cash saving in Birr	Score	5	Self-esteem	Score
	Nil	0		Minimum (0 - 14)	1
	1 - 500	1		Maximum (15 - 30)	3
	501 - 1000	2		High (31 - 50)	5
	1001 - 1500	3			
	1501 - 2000	4			
	2001 - 2500	5			
	2501 - 3000	6			
	>3000	7			

1.2	Non-cash or physical asset in Birr	Score	6	Bargaining power	Score
	Nil	0	6.1	Bargaining with husband	
	1-1000	1		Never	0
	1001 – 2000	2		Sometimes	2
	2001 – 3000	3		Most times	4
	3001 – 4000	4		Always	6
	4001 – 5000	5	6.2	Bargaining with others	
	5001 – 6000	6		Never	0
	6001 – 7000	7		Sometimes	2
	7001 – 8000	8		Most times	4
	8001 – 9000	9		Always	6
	>9000	10		Minimum	0
				Maximum	6
2	Knowledge test	Score	7	Participation in HH decision	Score
	Minimum	0		Husband only	0
	Maximum	10		Husband mostly	1
				Equal participation	2
				Wife mostly	3
				Wife only	4
3	Mobility	Score	8	Ownership of own IGA	Score
	Minimum (0-4)	1		No	0
	Maximum (5-9)	3		Yes	5
	High (10-14)	5			
4	Control over HH resource	Score	9	Social participation	Score
	Husband only	0		Low (0 - 6)	1
	Husband mostly	1		Medium (7 - 9)	3
	Equal control	2		High (10- 13)	5
	Wife mostly	3		Empowerment Index	
	Wife only	4		Minimum	3
				Maximum	61

The independent variables: the independent variables which are expected to have influence on women empowerment are hypothesized to be:

1. **Age:** it is measured in number of years. With age as a woman get older assumed more or less risk averse to invest productive activities. It was hypothesized that women with young age

are more likely to engage in income generating activities that enhance asset ownership and access to information, which ultimately leads for better empowered (Kishore *et al.*, (2004).

2. **Marital status:** It is in marriage where adulthood is recognized and the power to take responsibilities over one's life is well acknowledged. Yet, it is in the same marriage where men take the dominant positions to the subordination of women's lives (Lakwo, 2007). Therefore, it is hypothesized that married women are more likely to be less empowered than unmarried, widowed or divorced ones.

3. **Family Size:** It refers to the total number of household members in a given family. Family size is means the total number of family members with the age groups between 15-64 where the age groups above and below the indicated figure could be considered as dependent on the household. The more the family size the household will be endowed with the larger labor contribution by household members and the lesser the work burden for women to engage in productive economic opportunities (SEEP network, 2000; Birgit, 2001). Therefore, family size is hypothesized to have positive relationship with women empowerment.

4. **Dependency ratio :** this variable refers to the number of children under age 15 and old age members above 64 years of age as a ratio of total family size. The larger the dependency ratio in the household, the lesser the possibility for women to engage in income generating activities (Birgit, 2001). In rural community like the research area, caring for children and older age people are left as a responsibility of women. Hence, it is hypothesized to have negative relationship with women empowerment.

5. **Level of formal education :** this variable measures the number of school years achieved by women. It is measured in the number of years of formal education. The probability of taking loans increases as the household gets more formal education (Musebe *et al*, 1993; as cited in Samson, 2002) or could be attending in adult literacy programs. If a woman is relatively better educated, she can have relatively better motivation to do income generating activities. Hence, the probability for productive loan need which helps to accumulate assets and savings will be maximized. Therefore, it is hypothesized to positively influence women empowerment.

6. **Distance from the main market :** market distance is crucial for purchase of inputs and sells of outputs, which has close link to women as women commute long distances. It is measured in kilometers. The closer they are to the main nearest market, the more likely to receive valuable information (Abadi, 1999; Roy, 1999; as cited in Ebrahim, 2006). Hence, the better will be the probability to involve in income generating activities which leads to better bargaining power, better contribution for household expenditure and/or better ownership of assets by women. Thus, distance from main market center has been hypothesized to have negative influence on women empowerment.

7. **Years of experience in income generation:** income generating activities encompass a wide range of areas, such as small business promotion, cooperatives, job creation schemes, sewing circles and credit and saving groups (Albee, 1994). Women in the study area have involved in different income generation activities such as petty trade, small ruminant fattening, poultry, etc. The more the woman's experience in running income generating activities, the better will be her ownership of assets and/or contribution for household expenditures. It is measured in terms of year. In similar study conducted (Dereje, 2008) has come up with significant and positive relationship between microfinance and women empowerment. Hence, it is hypothesized to positively influence women empowerment.

8. **Years of membership in Village Saving and Loan Association :** it is a continuous variable measured in the number of years of membership of the woman in the association by the time of interview. Rural credit and saving institutions are found to have empowering effect on women empowerment (Schuler *et al.*, 1997; Rahman and Da Vanzo, 1997, Dereje, 2008). Therefore, it is hypothesized that level of empowerment increases with years of membership in village saving and loan association.

9. **Cumulative amount of loan received:** is the total amount of loan received in Birr by the respondent from the total number of loans so far extended by the time of interview. Large cumulative amount of loan received shows the capacity and self-confidence of the borrower to

take risk. Hence, cumulative amount of loan access for women hypothesized to have positive influence on women empowerment.

10. Livestock ownership: in an agrarian economy, the one like in the research area livestock ownership are the major asset for household economy. Livestock serves as a means of income, traction power and nutrition. Usually small ruminants, cows and chickens are controlled by women. Physical and financial asset ownership and empowerment are highly correlated. As a result households and more specifically women who have relatively larger livestock holdings (hence income from it) are better off than those who have less or none. This improves women's self-confidence and their ownership of property and assets and/or their economic contribution for the household (MoFED, 2005; Hillina, 2005).

11. Level of aspiration: this is a strong desire or ambition to achieve something. Women who aspires better future have the tendency to work towards such an achievement. Hence the internal ambition to achievements the aspired future women most likely to engage in higher social and economic activities that ultimately result to empowerment. It is measured by the scale suggested by (Pareek and Rao, 1992). Level of aspiration is therefore, hypothesized to affect women empowerment positively.

4. RESULTS AND DISCUSSION

This chapter deals on the analytical description of the research study conducted on women empowerment having different sections and sub sections. The first section 4.1 discusses on results of women empowerment based on the empowerment index summarized and included in the analysis from separate excel sheets. The empowerment status was calculated from nine empowerment indicators that have relevance to microfinance activities. 4.2 is about determinants of women empowerment, and the last section 4.3 discuss on saving and loan patterns of respondents in the study woreda.

4.1. Empowerment Status of the Sampled Respondents

The empowerment status of sample respondents was assessed using nine empowerment indicators, such as women's ownership of asset (cash plus physical asset), ownership of own income generating activities, control over resources, participation in household decision-making process, self-esteem, social or community participation, mobility, knowledge of project activities, and bargaining power. These indicators were summated to an index, empowerment index. The assumption behind the indicators was discussed in the preceding section 3.5. The individual scores and values of the indicators summarized in empowerment index in table 1.1 above.

The sample respondents' empowerment status analysed with individual scores against the nine indicators and the relative scores of each member levelled into one of the five categories, these are, very low, low, medium, high, and very high. Based on that the five empowerment categories levelled from (3-14) very low, (15-25) low, (26-37) medium, (38-48) high, and (49-61) scores were under very high category. Thus, the total scores of each respondent were analysed in line with the categories fall and the level of each empowerment group measured against the five levels of likert scale, 1 very low range (3-14), 2 low ranges (15-25), 3 medium ranges (26-37), 4 high ranges (38-48), and 5 very high ranges between (49-61) empowerment categories.

The result shows in table 4.1 that from the total 90 respondents, 7(7.2%) fall under very low empowerment category, 26(28.3%) samples low, 33(36.7%) medium empowered category, and the rest 20(21.7%) respondents scored high and 6(6.1%) very high empowerment categories respectively.

Table 4.1. Empowerment categories of sampled respondents

Empowerment category	N	%	Empowerment scores range	Mean	SD
Very low	7	7.2	3-14	12.46	1.45
Low	26	28.3	15-25	20.29	3.03
Medium	33	36.7	26-37	31.77	3.59
High	20	21.7	38-48	41.92	2.76
Very high	6	6.1	49-61	50.27	2.79
Total	90	100	3-61	30.46	10.76

Source: Own survey result, 2015

Further, the empowerment status of both association members and non-members was analysed and the result is summarized in table 4.2. The result shows no association members fall under very low empowerment category and only 3 (5.6%) of the association members in low empowerment. On the other hand 7 (14.4%) of non-association members were under very low and 23 (51.1%) that accounts more than 50% of non-association members fall under low empowerment category. The medium empowered category 20 (43.3%) of association members and 14 (30%) non association members levelled medium empowered. Regarding, the high and very high empowered categories more than 50% were association members of which 18 (40%) high and 5 (11.1%) very high levels respectively. On the contrary the non-association members share to high and very high empowerment category were less 5%, i.e 2 (3.3%) high and 1 (1.1%) very high empowered categories. The overall result shows that there is a strong and positive association between Village saving and loan association and women empowerment.

Table 4.2. Empowerment status of respondents by membership

Empowerment category	Members		Non-members	
	N	%	N	%
Very low	0	0	7	14.4
Low	3	5.6	23	51.1
Medium	20	43.3	14	30
High	18	40	2	3.3
Very high	5	11.1	1	1.1
Total	45	100	45	100

Source: own survey data, 2015

4.2 Determinants of Women Empowerment

From the hypothesized 11 variables 8 have significant influence on women empowerment at different level. These are marital status, level of formal education, dependency ration, family size, distance from market centre, year of experience in income generation, year of membership in VSLA and tropical livestock unit ownership found significant. The rest explanatory variables, age cumulative amount of loan received were not significant.

Marital status: marital status has been hypothesised to have negative influence on married women. The result found consistent with the practical observations that the gender disparity on asset control and decision making at household level inclined to husband. (2008) studies held on underline cause of poverty analysis paper shows gender power imbalance reflected on less power of women to make decision and control on household that considered as one of the root causes of poverty in the study area.

Level of formal education: level of formal education has been hypothesised to have positive influence on women empowerment. The result found in line with the hypothesis indicating positive and significant influence on women empowerment. The reasons for the positive influence of formal education on women empowerment being educated women build confidence and enhance information seeking behaviour as well. The result shows from the

total sampled respondents 62 (68.9%) are illiterate, 17 (19.4%) can read and write, 9 (10%) primary and junior secondary school, and only 2 (1.7%) respondents attended high school level education. The mean formal education level achieved by association members is 0.66 while the non-members are 0.23 grades respectively.

Family size: family size means the number of household members at productive age that usually ranges between 15-64 years. The hypothesis was a woman with large family size at productive age means a woman can get necessary labour support to run productive economic activities and spare time to participate on common social and communal activities that enhance access to information and experiences from peers. The result shows positive influence of family size to women empowerment. The mean family size of association members and non-members are 5.52 and 3.97 persons per household respectively

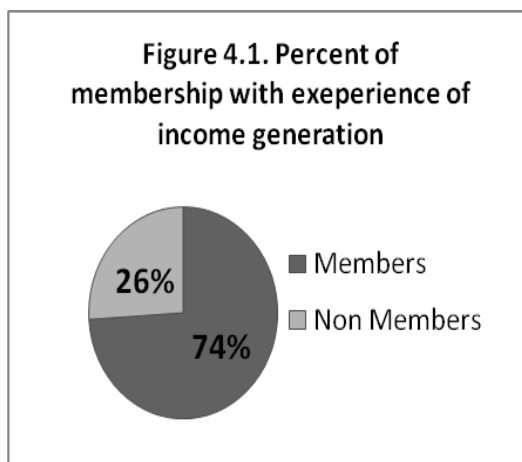
Years of membership in VSLA: village saving and loan association assumed to have positive influence on women empowerment. The association has training packages that could be seen as an opportunity for rural women to get education on importance of saving and credit schemes, business development, and entrepreneur skills. Moreover, the regular meeting creates an avenue to exercise public speaking, exposure to share/learn experiences from colleagues, and get access to information that ultimately contributes to women empowerment.

Dependency ratio: dependency ration has been hypothesised to have negative influence on women empowerment. In this study dependency ratio has been calculated children under the age of 14 and above 64 ages. The more number of dependency ratio at household mean increase workload on women and have less spare time to participate on productive and social activities. The result also shows dependency ratio has negative influence on women empowerment.

Year of experience in Income Generation: experience of women in income generation has positive influence on women empowerment. The result of this study is consistent with the hypothesis. The main reasons the more women get experience in running income generation activities will have better in economic status that build her confidence to have voice in the

household decisions. The more wealth a woman develop mean less economic dependency on the husband that enhance women confidence on control and utilization of resources at household level. Moreover, the longer years of experience in income generation mean the women have better exposures to visit market centres and access to information that ultimately enhance bargaining power with husband and others too.

The distribution shows from the total respondents 61 of them have experiences on income generation activities, of which 45 (73.78%) are from association members and the remaining 16 (26.22%) are from non-members. The rest 29 respondents have no experiences in income generation activities and all are from non-association members. The result shows association members have better exposure to income generation activities compare to non-members.



Source: own survey data, 2015

Distance from the Nearest Market: market is one of crucial social infrastructures for rural community to purchase inputs and sells of agriculture outputs. In this regard the proximity of the market center reduces women workload that otherwise spent hours on travelling to get the service. Studies show women closer to the main market, the more likely to receive valuable information (Abadi, 1999; Roy, 1999; as cited in Ebrahim, 2006). The result shows distance has negative influence on women empowerment. The possible reasons women at distant location from the nearest market center will bear more work burden through travelling long distances to get the service. In this regard distance limits frequency of travel to market, which has its own implication to get access to information compare to those closer to market center.

Livestock Ownership: in the study area livestock is considered as one of the major asset for household economy. Livestock serves as a means of income, draft power, nutrition, and means of saving. Hence, women who have relatively larger livestock holdings were hypothesized to have positive contribution to women empowerment. The result also affirms livestock

ownership has positive influence on women empowerment. The reason for livestock ownership enhances women's self-confidence being holding one of the major economic sources in the household that gives the impetus to have voice in decision making as well.

Level of aspiration

This is a strong desire or ambition to achieve something. Women who aspires better future have the tendency to work towards such an achievement. Achievements from engagement in social and economic activities result in higher level of empowerment for women. It is measured by the scale suggested by (Pareek and Rao, 1992). Level of aspiration is therefore, hypothesized to have positive influence on women empowerment. A t-test was made to see the mean difference on level of aspiration between association members and non-members. The result on shows 10.70 mean for association members and 7.29 for non-members, which indicates association members are more aspired than the non-members. The total respondents mean score is 8.99 and with 3.12 standard deviation.

Figure 4.2: Focus group discussion to analyse the effect of microfinance activities on poor women.

Focus group discussion has been conducted in all four study kebeles (Aneni, Bereda, Fecatu and Boka) with 7-9 women selected from both association and non-members at each kebele. The discussion started posing a question around the importance of forming village saving and loan association and then what benefits women obtained being a member of such association? The group members gave detailed explanation on the benefits of the association, learn saving, opportunity to attend meeting and start public speaking, training on business development, family planning, and develop own income sources. The researcher raised another question related to work burden being involved in different income generating activities. At the beginning the response from each group was so positive and no feeling on work burden but later on when discussion continue focusing on individual cases some of them expressed the work burden at time of pick agricultural seasons. Among the group Kadija Abraham at Aneni explained the workloads she bears at planting and harvesting seasons and challenges to run income generating activities. Similarly, Fatuma Adem at Bereda has encountered increase in

workload at pick agricultural seasons. But in both groups the rest group members reasons out the case for Kadija her husband has health problem and most of the kids are attending school and hence the support she got from families were minimal. On the other hand Fatuma is widow and the elder children also married. Contrary to the above two cases the rest group members expressed the workload is negligible compare to the benefits obtained from the small business. The income generating activities created an opportunity to develop own asset, cover household expenditures, send child to school, well dressed, build confidence, more support and respect observed from husband side and got more voice in the household decisions. The other focus group discussion member Halima Usman at Fechatu Kebele explained, it is not time to speak about the work burden being participating on income generating activities, 'she added I would say income generation mean liberation from poverty, enhance affection and cohesion with husband' and the group members support her view by clapping hands.

the researcher asked if husband's contribution for household expenditures decreased or increased due to their involvement in income generation activities and able to earn some money? Most of the discussant didn't observe decrease the share for household expenditures. However, all agreed on one issue the saving behaviour of men were not as strong as women and the men financial management assumed poor. The men mostly spend considerable amount of income for consumable and habitual expense, such as buying packed cigarette, chew Khat with coke, etc. Thus, women suggesting to extend men focused saving and credit group formation and trainings to influence the male partners for better result.

Source: own survey data, 2015

4.3. Saving and Loan Use Patterns of the Study Area

4.3.1. Saving status

In the study woreda, women have long experiences of cash saving in the form of *Iqqub* where group members' pool cash on weekly and fortnightly basis and the total contributed cash to be given for members on turns. The village saving and loan association has some similarities on the saving aspects as members in both groups expected to save certain amount of cash

regularly. However, the village saving and loan association use the saved cash as source of loan fund for interested members bearing 5-10% interest per loan period that commonly ranges between 3-6 months. Though the interest rate is higher than the normal commercial bank rates, members in village saving and loan association are aware that the interest amount enhance the group capital and reaches more members. On the other hand the interest plus the saved cash could be shared among members as per group decision and the shared cash also expected to invest in productive activities either for small ruminant purchase or expand the petty trade activities.

In order to understand the significance of association, members and non-members' personal cash saving pattern were analyzed and results are summarized in table 4.3. The result shows all 45 (71.4%) association members have their own cash saving compare to 18 (28.6%) non-members cash saving. Those who have no cash saving are 27 accounts to non-association members while all association members have cash saving. The mean cash saving of association members were birr 942.53 with standard deviation of birr 468.31 and non-association members were birr 269.09 with standard deviation of 340.92..

Table 4.3 Distribution of respondents by ownership of cash saving (n=90)

Membership status	Cash saving				Mean	SD
	Yes	%	No	%		
Members	45	71.4	0	0	942.53	468.31
Non-members	18	28.6	27	100	269.09	340.92
Total	63	100	27	100	652.03	534.57

Source: own survey data, 2015

Moreover, respondents' changes on cash saving improvement over the last 12 months were asked and result summarized on table 4.4 as follows. From the total respondents 27 (60%) of non-association members responded no change on cash saving over the past 12 months and no respondent from association members fall under this category. The slight changes 6 (12.2%) association members and 5 (11.1%) non-members achieved slight cash saving improvements. Others 6 (12.2%) association members and 9 (20%) non-members showed fair improvements

and remaining 21 (48.9%) and 12 (26.7%) association members and 4 (8.9%) and 0 (0%) non association members responded as the cash improvement over the past 12 months showed good and significant changes respectively.

Table 4.4. Respondents' level of cash saving improvement (n=90)

Improvement status	Membership Status			
	Members		Non-Members	
	N	%	N	%
No change	0	0	27	60.0
Slight	6	12.2	5	11.1
Fair	6	12.2	9	20.0
Good	21	48.9	4	8.9
Significant	12	26.7	0	0
Total	45	100	45	100

Source: own survey data

Cash ownership and changes on cash balance alone may not be sufficient to see the level of women empowerment rather the control aspect of personal cash saving should get weight for better understanding of women empowerment. Ownership and control over income generation was one of the indicators for women empowerment. Women who have better control on productive assets, such as small business, livestock, and other assets created with own income generating activities give the impetus for self-confidence and also enhance decision making power on the household matters

Regarding the level of control on personal cash saving, both association members and non-members responded as they have some level of control on the cash saved. Based on that the result on table 4.5 shows 2 (3.3%) association members and 4 (19.4%) of non-association members responded as they have little control on personal cash saving. The other 19 (42.2%) association members and 10 (55.6%) non association members responded equal control on personal cash saving. Most control level 8 (16.7%) association members and 2 (11.1%)

nonmembers have more than equal control on their personal cash saving. The rest 17 (37.8%) association members and 3 (13.9%) non-members response were full control on personal cash savings. However, the full control responses do not indicate the direct level of empowerment on control of personal cash saving rather most widow/single women included under this category.

Table 4.5. Distribution of respondents by level of control on personal cash saving (n=63)

Level of control	Membership Status				Total	
	Non-Members		Members		N	%
	N	%	N	%		
No control	-	-	-	-	-	-
Little control	4	19.4	2	3.3	10	7.94
Equal control	10	55.6	19	42.2	29	46.03
Most control	2	11.1	8	16.7	10	15.08
Full control	3	13.9	17	37.8	20	30.95
Total	18	100	45	100	63	100

Source: own survey data, 2015

Like many parts of the country women in the study woreda has no access to formal banking services to deposit their cash saving at the nearby distances .In case the service demanded by members or groups they are expected to travel to the neighboring woreda town . Given the distance, awareness, and amount of saving doesn't encourage women to visit banks with the current less accessible locations.

4.3.2. Loan use pattern

Loan taking pattern considered as one indicator of women confidence and decision making for change. Both association members and non-members were asked loan taking history over the last 12 months period and responses summarized on table 4.6 below. The result shows at time of interview, entire association members 23 (76.3%) and 14 (23.7%) of non-association members have taken loan from different sources, such as relatives, VSLA, MFI, and local

money lenders. Most respondents from non-association members 31 (100 %) didn't take loan compare to 0(0%) association members over one year period at time of the interview.

Table 4.6 Distribution of respondents by loan use history (n=90)

Membership status	Loan History			
	Yes		No	
	N	%	N	%
Members	23	76.3	0	0
Non-members	14	23.7	31	100
Total	37	100	31	100

Source: own survey data, 2015

Both association members and non-members have different sources of borrowing of which the majority of association members 31 (68.9%) took loan from VSLA and MFI while non-association members 6 (39.3%) got loan from relatives. Moreover, non-association members 3(28.6%) and 5 (32.1%) took loan from local traders plus relatives. The survey data shows association members heavily depends on own saving and lending group and MFI as a major sources of loan while non-association members depends on relatives and local traders as a sources of borrowing.

Table 4.7. Distribution of Respondents by sources of borrowing (n= 59)

Source of borrow	Membership Status				Total	
	Non-Members		Members		N	%
	N	%	N	%		
VSLA	0	0	8	17.8	8	13.6
Relatives	6	39.3	0	0	6	9.3
Local traders	3	28.6	0	0	4	6.8
MFI	0	0	6	13.3	6	10.2

VSLA & MFI	0	0	31	68.9	31	52.5
Relatives & traders	5	32.1	0	0	5	7.6
Total	14	100	45	100	59	100

Source: own survey data, 2015

As the below table 4.8 shows the total 45 non association members 8(18.9%) indicates fear of inability to repay was one of the cause to limit loan taking, 3 (6.7%) absence of collateral, 18 (28.9%) no access to credit that linked to absence of information on credit facilities that rendered by microfinance institution operating in the woreda. The rest 7 (14.4%) of non-association members has no interest on credit that likely from better off families.

Table 4.8. Distribution of respondents by reasons not taking loan (n=31)

Problem to take loan	Membership Status			
	Non-Members		Members	
	N	%	N	%
Fear of inability to repay	8	18.9	0	0
Lack of collateral	3	6.7	0	0
No access to credit	13	28.9	0	0
No need of credit	7	14.4	0	0
Total	31	100	90	100

Source: own survey data, 2015

It obvious that both association members and non members took loan from different sources to meet their pressing demands. The purpose of loan taken by respondents the result summarized in table 4.9. The common reasons of loan by respondents used for expanding petty trading, cover school fees, medical expense, farm input purchase, and food grain purchase. The largest proportion of the loan, 25 (54.4%) of association members and 3 (17.9%) non-association members used to run petty trading activities. On the top of that 16 (34.4%) association members and 1 (3.6%) non-association members used loan money for petty trading and farm input purchases. Similarly, 5 (11.1%) association members and 1 (7.1%) non-association members' loan invested for the expansion of petty trading and food grain purchase. The rest 3 (21.4%) non-association members used the loan to cover school fee's, 2 (14.3%) for medical

expenses, 2 (14.3%) purchase of farm inputs, and 3 (21.4%) for purchase of food grain purchase. The overall result indicates most association members took loan for expansion of petty trading and farm input purchases while the non-members loan used for medical expense and food grain purchases.

Table 4.9. Distribution of respondents by the purpose of loan received (n=59)

Purpose of Loan	Membership Status			
	Non-Members		Members	
	N	%	N	%
Petty trading	3	17.9	25	54.4
Cover school expenses	3	21.4	0	0
Cover medical expenses	2	14.3	0	0
Purchase of farm inputs	2	14.3	0	0
Petty trading and farm input purchase	1	3.6	16	34.4
Purchase of food grain	3	21.4	0	0
Petty trading and food grain purchase	1	7.1	5	11.1
Total	14	100	45	100

Source: own survey data

Further, respondents were asked on the level of control on the loan taken from various sources because access to loan doesn't necessarily indicate women control on the loan money. There are cases where women who took loan have been using to expand husband's business. Result on table 4.10 below shows 10 (67.9%) of non-association members and 27 (60%) association members have equal control on the loan taken with their husband. Moreover, 3 (21.4%) non association members and 18 (40%) association members have full control on the borrowed cash that taken from different sources. Moreover, 2 (10.7%) non association have no control on loan taken that indicates the loan fund used for the expansion of husbands business. However none of the association members fall under this category.

Table 4. 10. Distribution of borrower by level of control on loan taken (n=60)

Loan control	Membership Status				Total	
	Non-Members		Members		N	%
	N	%	N	%		
No control	2	10.7	0	0	2	2.5
Equal control	10	67.9	27	60	37	61.9
Full control	3	21.4	18	40	21	35.6
Total	14	100	45	100	60	100

Source: own survey data,2015

Moreover, mobility as a result of the income generation activities and social participation could be seen as an indicator for women empowerment. This primarily linked with the bargaining power of a woman with husband to go out from routine household chores to other productive activities and exercise the political right to engage in social and communal issues that affect women's life. Almost all association members have responded the increase in mobility from slight to significant levels since they joined the village saving and loan association. Among the respondents 5(12.2%) sensed slight change, 8 (16.7%) fair, 17 (37.8%) good, and the rest 15 (33.3%) respondents mobility increased significantly being a member of village saving and lending association.

Table 4.11. Distribution of association members' increase in mobility to run income generation activities (N=45)

	Change in mobility to run income generation					Total
	No	Slight	Fair	Good	Significan t	
Frequency	0	5	8	17	15	45
Percentage	0	12.2	16.7	37.8	33.3	100

Source: own survey data, 2015

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

The study was conducted in Fedis woreda in East Hararghe zone, Oromia National Regional State of Eastern Ethiopia. The purpose of the research was to analyze the effect of village saving and loan association on women empowerment in Fedis woreda. The specific objectives of the study were to assess the status of rural women empowerment as a consequence of microfinance access in the study area, to identify determinants of women empowerment through village saving and loan associations, microfinance services in the study area, and assess savings and loan use patterns of village savings and loan associations' members in the study area.

Multi-stage stratified sampling procedures were employed to select target samples both from VSLA members and non-members. The study woreda Fedis was selected purposively because the saving and lending association members were in better status of getting loan access from microfinance and own savings compared to the rest operational woredas. The woreda has 19 rural kebeles and 11 targeted kebeles were purposively selected being VSLA operational area. The 11 VSLA Kebeles were again classified in two groups, far and close kebeles based on distance from the woreda capital town taking 10 km as cut-off point. Then considering the available resources at hand and time of the researcher, four kebeles (two from each distance category) were selected for the study. Finally, 90 sample households, 45 from association members and another 45 from non-association members were selected using probability proportional to size sampling methods. This study used both primary and secondary data. The primary data were collected using semi structured interview schedule and through FGDs.

The primary data collected from interview schedule with sample respondents were analyzed using descriptive statistics such as mean, standard deviation, percentage, frequency table, and ranges. Empowerment index was prepared using nine indicators gathered from literature and the total sample households' empowerment status was assessed using rating scale of five levels indicating '1' as very low and '5' very high empowered categories. Moreover, test statistics such cross-tabulation to measure significance of mean difference among the five

empowerment categories and also test significance between association members and non-members of sample households were also used and the data analyzed using SPSS software.

A total of 11 explanatory variables were hypothesized to have influence on women empowerment as the result shows. The variables were age of respondent, marital status, level of formal education, family size, dependency ratio, years of membership in village saving and loan association, years of experience in income generation, cumulative amount of loan, distance from market center, livestock ownership and level of aspiration.

Level of formal education, family size , year of experience in income generation, years of membership in village saving and loan association and livestock ownership to have positive influence on women empowerment. On the other hand marital status, dependency ratio, and distance from main market centre found to have negative influence on women empowerment. The saving and loan use of patterns of village saving and loan association shows significant improvement since the introduction of the microfinance system in the area.

5.2. Recommendations

The study has clearly assessed the effect of microfinance on rural women empowerment. Though the term empowerment has no single definition through the referred materials, women in village saving and loan association showed significant difference in terms of empowerment and economic wellbeing compare to non-association members. Based on findings of this study the following recommendation made forward.

Village saving and loan association intervention was found as path to address women empowerment and economic wellbeing of rural households. These changes on women social and economic status learnt the result of technical and financial support of NGO and government sector offices operating in the *woreda*. Moreover, the regular meetings of association members create a medium for women to exchange market information, share experiences on family planning, income generating activities, and financial management that enhance women roles in the household decision and start to influence power dynamics in the

family. Thus, the VSLA methodology should reach to non-association members at scale and also linked to microfinance institution and other food security programs for better impact.

The study results of descriptive statistics show that family size has positive influence on women empowerment. The result assumed in terms of available working force for the household and the likelihoods of family support to women to engage in development activities. However, the actual situation on the ground shows the increase in family size creating pressure on land and other natural resources, which could be seen as one factor for underdevelopment and destitution in the study *woreda*. In this regard the study result focus on labor force that could be compensated through introducing various improved technologies to save time and energy for women to involve in productive activities, like introduction and expansion of fuel efficient stove, small scale mechanization and implements, homestead planting, expansion of access road, health facilities, development of water point at nearby distances.

This research focused on empowerment of women as a result of microfinance that analyzed using empowerment index summarized against nine indicators. Other factors related to microfinance not covered under this study. Hence, it is recommended that further research and assessment to be conducted on the institutional strength of VSLA, leadership, financial management, sustainability of the scheme, collective efforts, extension services and workload related issues for better understanding and get comprehensive picture of the program.

The study result shows that there is positive correlation between education and women empowerment. On the other hand expanding primary education and women empowerment indicated as one pillar of the millennium development goals for which Ethiopia is thriving to address the goal in due time. Thus, the *woreda* education office needs to pay attention to strengthening the education program both for girls and women. Girls education can be achieved through expanding and work on some of limiting factors, access to education facilities, combat early marriage, and cultural barriers. Regarding women education, functional literacy and numeracy trainings both for association members and non-members could solve the problem.

The current status of village saving and loan association are at group stage and not yet registered as formal microfinance institution. The inland policy has no legal support for the informal groups such as VSLA. Thus, to enhance the institutional strength of the group and get legal entities, the VSLA needs transformation through organizing into Rural Saving and Credit Cooperative or ways should be devised to make the current informal groups to the necessary recognition and get legal entity from the regional government.

The loan taken by both association member and non members were used for non-productive activities, such as school fees, medical treatments, purchase of food grains at time of lean season. Although loan use for non productive activities could be seen as debt to borrower but the village saving and loan association members should be encouraged to save certain amount of cash as a social fund. Social fund is saving for be accessed by members (only with the group's permission) in the form of an interest free loan or a grant. The social fund collection systems highly recommended for members to consider in their regular saving program to finance members' cash demand at time of emergency..

The result from focus group discussion held at sample kebele indicated the village saving and loan association remarkable changes on the live and livelihoods of poor women. Saving culture of rural women improved and demand for borrow money increased. On the top of economic benefits most VSLA members' explained their awareness on the legal rights improved, the regular meeting considered as medium of information exchange about family planning, improved agricultural practice, personal and environmental sanitation, and started to discuss family relationship as well. Most association members explained that the training enhanced their business skills and bargaining power in the market places. The overall situation of women and physical condition shows the VSLA methodology found successful in term of addressing the economic and social barriers in sample kebeles where this research conducted. Thus, the VSLA microfinance system needs to reach more number of women and the system should be complemented with skill trainings. Further the local microfinance institutions needs to expand its outreach service to remote areas and reach most needy women in the future.

5. REFERENCES

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6. Appendix

Appendix I. VSLA status report of Fedis Woreda, June 2012.

S/n	kebele	# of VSLA	# of Members	Total Saving mobilized	Total loan disbursed
1.	Bareda	34	327	53,077	48,950
2.	Aneni	14	235	11,706	10,600
3.	Fechatu	22	398	69,984	58,150
4.	Bora	19	355	33,946	29,130
5.	Ade Debas	24	435	64,315	59,430
6.	Kerense Lencho	24	405	51,499	49,927
7.	Efitu Dada	13	233	53,373	46,700
8.	Bidi Bora	28	483	64,217	62,650
9.	Bedhatu	16	225	33,676	24,800
10.	Riski	19	286	24,379	22,700
11.	Agudora	17	260	49,482	45,100
	Total	230	3,642	509,654.00	458,137.00

Appendix II. Interview Schedule

A. Personal and Demographic Variables

Code no _____ Date of interview _____

Name of the respondent: _____

Membership status of the respondent _____

Kebele: _____ Village: _____

Name of the Interviewer: _____

1. Personal Characteristics

S/No	Respondent Characteristics	Specify information	Remark
1.1	Age		
1.2	Sex		
1.3	Marital Status *		
1.4	Level of education*		

* Level of education: 0= (Illiterate, 1= Read and write, 2= Primary and junior secondary school (1-8), 3=Secondary school and above (9th and above).

* Marital status: (1= Married, 2= Divorced/ Separated, 3=Widowed, 4=Single/ Never married

2. Household demographic characteristics

No.	Name of household members	How many
2.1	Husband	
2.2	Children	
2.3	Relative	

B. Savings and loan use behaviour and income generation related variables

3. Do you have your own income generating activity at present time? (*Ownership of Own income generating activity*) Yes= 1 No= 0

4. If no, why?

- A). No need for income generation
- B). No experience in income generation
- E). Shortage of labour for household duties
- C). No access to credit
- D). Others (specify) _____

If yes, ask questions # 5-9

5. How many years of experience do you have in income generation activities?
_____ Years

6. Who decided on the selection of income generating activity?

- A). you, yourself
- B). You and your spouse
- C). Your spouse

7. Who controlled the income from your last income generating activity?

- A). you, yourself
- B). You and your spouse
- C). Your spouse

8. How often you move out to run income generating activities? (*Mobility*)

- A). Once per month (1)
- B). Twice per month (2)
- C). Once per week (3)
- D). Twice per week (4)
- E). Three times per week (5)
- F). Daily (6)

9. Do you see any increase in your mobility to run income generating activities in the past 12 months? 1= Yes 0= No

Ask question # 10 -14 only association members

10. How long have you been a member of village savings and loan association?
_____ Months.

11. Did you have experience in running income generating activities before you join VSLA?
1= Yes 0= No

12. Did you borrow money during the past 12 months?
1= Yes 0=No

If the answer is yes, please ask questions # 13-18

13. From which source(s) did you borrow?

- A). Local money lender
 B). Service cooperative
 C). Savings and loan association
 D) Relatives
 E) Traders
 F). Iddir
 G). Others (specify) _____

14. What was the purpose of your last loan? Please fill below table (tick)

S/N	Purpose of loan	(tick the choice)
14.1	To run petty trading	
14.2	Repayment of other loan	
14.3	To cover school expenses	
14.4	To cover medical expenses	
14.5	Purchase of farm inputs	
14.6	To construct/maintain house	
14.7	Purchase of food grain	
14.8	Purchase of household items	
14.9	To rent in land	
14.10	Others (specify)	

15. Who decided on the use of your last loan?

- A). you, yourself
 B). You and your spouse
 C). Your spouse

16. How many loans did you take in the past one year? _____ Loans

17. What is the cumulative amount of loan you received in the past 12 months?
 _____ Birr.

18. Who controlled spending of your last loan?

- A). You yourself
 B). You and your spouse
 C). Your spouse

19. Do you have personal cash savings? (*Ownership of asset*)

- 1= Yes
 0=No

If yes, ask questions # 20 - 24

20. How much in _____ Birr.

21. Where do you put your personal cash saving?

- A). saving and loan association
 B). In my house
 C). Iqqub
 D). Others (specify) _____

22. Who controls your personal cash savings?

- A). only yourself
 B). Mostly yourself
 C). You and your spouse
 D). Mostly your spouse
 E). only your spouse

23. Do you see any increase in your contribution for household expenditure in the past 12 months?

1= Yes 0= No

24. Do you have personal assets other than cash savings? (*Ownership of assets*)

1= Yes 0=No

If yes, ask questions # 25

25. What assets do you have, how much and who controls it?

S/N	Type of Asset	Unit	Amount	Value in (birr)	*Who controls
1	Chicken				
2	Grain				
3	Shoats				
4	Donkey				
5	Calves				
6	Heifer/steer				
7	Cow				
8	Ox				
9	Others (specify)				

* Who controls 1= yourself 2=you and your spouse 3= only your spouse

C. Situational

26. How far is your residence from the nearest market? _____ kms

D. Psychological Variables

27. What is your feeling to the following statements? (**self-esteem**)

Instruction: below is a list of statements dealing with the general feelings about the respondent.

If the respondent strongly agrees, circle **SA**.

If the respondent agrees with the statement, circle **A**.

If the respondent doesn't know, circle **UD**.

If the respondent disagrees, circle **D**.

If the respondent strongly disagrees, circle **SD**.

1	On the whole, I am satisfied with myself.	SA	A	UD	D	SD
2	*At times, I think I am no good at all.	SA	A	UD	D	SD
3	I feel that I have a number of good qualities.	SA	A	UD	D	SD
4	I am able to do things as well as most other people do.	SA	A	UD	D	SD
5	*I feel I do not have much to be proud of.	SA	A	UD	D	SD
6	* I certainly feel useless at times.	SA	A	UD	D	SD
7	I feel that I'm a person of worth, at least on an equal plane with others.	SA	A	UD	D	SD
8	* I wish I could have more respect for myself.	SA	A	UD	D	SD
9	* All in all, I am inclined to feel that I am a failure.	SA	A	UD	D	SD
10	I take a positive attitude towards myself.	SA	A	UD	D	SD

Source: Rosenberg, 1965

28. Knowledge test

28.1	Child Feeding	Score
28.1.1	What should be first given for a newly born baby?	Wrong=0 Right=1
28.1.2	How many months shall a newly born baby be exclusively breastfed	Wrong=0 Right=1
28.1.3	How many months shall a newly born baby be breastfed with complementary food?	Wrong=0 Right=1
28.1.4	How many months old baby shall be provided with Complementary food?	Wrong=0 Right=1
28.2	Fuel efficient stoves	
28.2.1	Mention three advantages of fuel efficient stove over the traditional stove	Nil=0 One=1 Two=2 Three=3
28.2.2	Mention three materials used to construct fuel efficient stoves	Nil=0 One=1 Two=2 Three=3
28.3	Family planning	
28.3.1	Mention two contraceptive methods used for family planning	Wrong=0 Right=1
28.3.2	Mention three advantages of family planning	Nil=0 One=1 Two=2 Three=3

E. Economic Variables

28. a. Do you own land? 1= Yes 0=No

29. If yes, total land size covered by all crops in timad _____

30. Do you own livestock at present time? 1=Yes 0=No

31. If yes, number of livestock owned?

32. Have you involved in any formal and/or informal local common activities in your area?

1=Yes 0=No

If yes, ask question # 33-34

33. In which of the following organization are you member and/or leader (Tick)

(Social and community participation).

S/N	Organization	Member (1)	Committee (2)	Leader (3)
1	Kebele council			
2	Women association			

3	Village development committee			
4	Afosha (Iddir)			
5	School parent committee			
6	Iqqub			
7	Water committee member			
8	Others (specify)			

34. How often did you participated in common local activities mentioned above? (Mobility)

- Once per six months (1)
- Once per three months (2)
- Once per month (3)
- Once per two weeks (4)
- Once per week (5)
- Twice per week (6)
- Three times per week (7)

35. How often you try to convince your husband in your discussion? (*Bargaining*

power) A). Never (0) B). Sometimes (1)

C). Most of the time (2) D). Always (3)

36. How often you try to convince others in your discussion? (Bargaining power)

A). Never (0) B). Sometimes (2)

C). Most of the time (4) D). Always (6)

37. Who controls the following resources in your household? (Control over resources)

S/N	Resources	Who Controls it or Income from				
		Husband only (0)	Husband Mostly (1)	Both husband and wife (2)	Wife Mostly (3)	Wife only (4)
1	Oxen					
2	Cows					
3	Heifers/steer					
4	Donkey					
5	Sheep/Goat					
6	Food crops harvest					
7	Loans					
8	Cash savings					
9	Off-farm income					

10	Non-farm income					
11	Income from cash crops					
12	Income from chat sale					
12.1	Income from potato sale					
12.2	Income from coffee sale					

38. Who decides on the following affairs in your household? (*Participation in the HH decision making*) **TICK**

S/N	Type of Decision	Who Decides				
		Husband only (0)	Husband Mostly (1)	Both husband and wife (2)	Wife Mostly (3)	Wife only (4)
1	Crops to be grown					
2	Use of fertilizer or improved seeds					
3	Rent in land					
4	Selection of IGA's					
5	Borrowing					
6	Children's education					
7	Use of contraceptives					
8	Number of children					
9	House construction or maintenance					
10	Purchasing clothes for children					
11	Purchasing clothes for wife					
12	Purchasing clothes for Husband					
13	Purchasing cattle					
14	Purchasing donkey					
15	Purchasing shoats					
16	Purchasing of poultry					

Appendix III. Focus Group Discussion Guide

There are lists of questions that are substantive to register you as a participant of this project. This information is considered as confidential one to be used for statistics needs of the project work

Date of Interview _____

Interviewer: _____

Region:

_____ Woreda: _____ Kebele: _____ Village: _____

Demographic Profile

No	Name of participant	Gender		Age	Marital statuses A. Unmarried B. Widowed C. Divorce D. Married	Membership VSLA/ Non-VSLA	Education level A. Unable to read write B. Able to read write C. Primary school D. Secondary school E. Beyond secondary school	Remark
		F	M					
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								

1. What do you know about Village saving and loan Association (VSLA) ?
2. Why would you think of the reasons why for you to join VSLA (for VSLA members)
3. what would you think of advantages and disadvantages of VSLA?
4. What is the reason for you not joining VSLA (for non- VSLA members)
5. Have you observed any change in the life of individual or group members who joined VSLA? Any positive and negative changes. (Probe: changes in income , nutrition, social participation, mobility, decision making, acceptance in the community, income generation activities , new skills and knowledge and aspiration. Besides if it has caused workload, additional responsibility, time taking, if the group not functioning as expected, problem of getting loan, interest rate, period for repayment of loan etc...)

Performa of submission of MSW project proposal for approval from academic counselor at the study center

Enrollment: 099111136

Date of submission: November 14, 2014

Name of the study center: St. Mary's University. Addis Ababa. Ethiopia

Name of the guide: Mosisa Kejela

Title of the project: EFFECT OF MICROFINANCE ON RURAL WOMEN EMPOWERMENT: THE CASE OF VILLAGE SAVING AND LOAN ASSOCIATION IN FEDIS DISTRICT, EAST HARARGHE ZONE, OROMIA NATIONAL REGIONAL STATE, ETHIOPIA

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Name guide: Mr. Mosisa Kejela

Date: December 26, 2014

**EFFECT OF MICROFINANCE ON RURAL WOMEN EMPOWERMENT:
THE CASE OF VILLAGE SAVING AND LOAN ASSOCIATION IN FEDIS
DISTRICT, EAST HARARGHE ZONE, OROMIA REGIONAL STATE,
ETHIOPIA**

**MSW DISSERTATION RESEARCH PROPOSAL
(MSWP-001)**

By

Martha Alemayehu

(Enrollment No: 099111136)

PROJECT GUIDE: Mr. Mosisa Kejela

**INDIRA GANDHI NATIONAL OPEN UNIVERSITY
SCHOOL OF SOCIAL WORK**

November 2014

ADDIS ABABA, ETHIOPIA

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1. Introduction

The government of Ethiopia has designed development strategies, such as “Sustainable Development and Poverty Reduction Program” that follows Agricultural Development Led Industrialization (ADLI) strategy emphasized rural finance services as one of the main policy focus. Accordingly, formal microfinance in Ethiopia has started since 1994/5. In particular, the licensing and supervision of Microfinance Institution Proclamation No. 40/1996 encouraged the spread of microfinance institutions as it authorized them to, among other things, legally accept deposits from the general public (hence diversify the sources of funds), draw and accept drafts and manage funds for the micro financing business (Getaneh and Carter, 2007).

Microfinance is primarily perceived as a development strategy that provides credit and savings services to the poor, particularly rural women, for income-generating activities. (Wolday, 2004).The main objective of the microfinance institutions is the delivery of financial services (providing micro-loans, micro-savings, micro-insurance, money transfer, etc) to a large number of productive but resource-poor people in rural and urban areas, including micro and small entrepreneurs in a cost-effective and sustainable way.

However, studies show that microfinance plays effective role for women’s empowerment for being it enhances self-esteem, and confidence to negotiate at household level. UNCDF (2004) states that microfinance plays three key roles in development: First it helps very poor households to meet their basic needs and protect against risks, associated with improvements in household economic welfare, helps to empower women by supporting women’s economic participation and also by promoting this approach.’

The main target group is poor women and women capable of providing alternative female role models for change. Equally, attention has also be given to men's roles in challenging gender inequality. Mayoux (2005) indicated that in the feminist paradigm, women’s empowerment is seen as an integral and inseparable part of a wider process of social transformation.

However, in Ethiopia the absence of adequate formal microfinance service providers that suit the socio-economic condition of poor households is one of major factor that limiting households to income diversification options in the rural areas (Power Africa, 2011). To fill these gap of scarcity in microfinance service providers, Power Africa Ethiopia has introduced Community Self-help Saving and Loan groups that later on called Village Saving and Loan Association (VSLA) microfinance model in selected districts in Oromia and Amhara regions aligning to the National Safety Net Program of the Government of Ethiopia which has being implemented in the country since 2005 to support chronically food insecure farmers to be food self-sufficient. Power Africa- Niger first intoduced Village Saving and lending Association (VSLA) model called “*Mata Masu Dubara*” (MMD, literally meaning, Women on the Move (Huge, 2002). Then, to replicate the organization experiences Power Africa in Ethiopia has conducted assessment in 2010 in Kurfa Chelle and Grawa districts and then replicated the practice to Fedis and another 11 districts which are located in Oromia and Amhara regions.

Consequently, the approach has been implemented in the Fedis district for 2 years and 3 months. Hence, this would make it possible to assess the achievements and challenges faced during implementation and come up with baseline information to back up project decision makers.

It is believed that wellbeing of the community can be maintained not only by addressing economic issues but also through addressing the socio physiological issues which are highly related to culture, norms and beliefs of the society. Though the primary objectives of VSLA are, income diversification suited to the socio-economic conditions of poor households in the project area (Power Africa, 2011) and secondly is to use the group to identify and address social factors that hinders the wellbeing of the community particularly women.

2 Statement of the Problem

Participation in savings and credit programmes helps empower women by increasing their contribution to household income and by exposing them to contexts outside the domestic realm. Just as increased income gives women more bargaining power within the household, increased social and political awareness puts them in a better position for negotiating or for functioning in the public sphere. Thus, increases in self-esteem and a sense of self-worth have been noted as a

further result of women's participation in microfinance programmes (UNCDF, 2002). Aliya (2004) although it is not always an outlined objective of microfinance, women empowerment is one of the self-evident objectives since microfinance programmes have generally and mostly targeted women as clients.

Moreover, SIDA (2004) study shows that there is a positive correlation between microfinance and empowerment of poor and disadvantaged people particularly, women, indigenous people, and victims of ethnic or cultural discrimination. This is because of access to financial services, such as savings, credit, money transfers and insurance, contributes to expanding poor people's choices and improves their ability to respond to opportunities. It helps reduce vulnerability by providing the means to smooth consumption and bridge crises. However, financial services can make vital contributions to the economic productivity and social well-being of poor women and their households, but it does not 'automatically' empower women (Kabeer, 2005).

Power Africa - Ethiopia East Hararghe zone has been promoting village saving and loan associations' microfinance model in Fedis district with primary focus on promotion of village saving and loan association microfinance, shoaat provision, provision of agricultural inputs (selected variety of seed and highbred) and linking producers with market. Women empowerment, one of the cross-cutting issues of Power Africa, is also an implicit objective of the microfinance model as it is the case for any microfinance program.

The project so far has organized 230 groups with 10-20 members per group that makes the total number of VSLA beneficiaries 3642. Out of these, 85% were women (Power Africa, 2014). The periodic monitoring and evaluation reports of the organization showed women and men who accessed loan able to engage in different small business activities and started to accumulate household assets. Given the interconnectedness of the social, political and economic dimensions of empowerment, empowering changes in one dimension may trigger changes in other dimensions. Thus, the improvement of women's economic empowerment has the potential to lead to positive changes in social and political dimensions. Testing this assumption and identifying relations between VSLA microfinance and the multidimensional empowerment of

women, which was vague due to scant empirical studies, particularly in the study area. Thus, this research was initiated to fill this knowledge gap.

3. Objectives of the Study

3.1. General Objectives:

The general objective of the study is to analyse the effect of microfinance; the Village Saving and Loan Association on rural women in the study area.

3.2. The specific objectives of the study are:

- to assess the status of rural women empowerment as a consequence of microfinance access in the study area;
- to identify determinants of women empowerment through village saving and loan associations, microfinance services in the study area; and
- to assess savings and loan use patterns of village savings and loan associations' members in the study area.

4. Research questions

The research will be guided by the following research questions:

- Is there empowerment status difference between village saving and loan associations' members and non-members in the study area?
- What are the determinants of women empowerment through village saving and loan associations' microfinance services in the study area?
- Do village savings and loan association members brought changes on loan and credit use patterns compare to non-association members in the study area?

5. Significance of the Study

Proper understanding of the dynamics of microfinance and its effect on women empowerment is vital information for planners to design projects and program that focus on women empowerment. There is no research conducted on the subject of women empowerment through

microfinance in the study district Thus, findings of this research will be used as a reference for anyone who is interested in the field to conduct further study in the future.

On the other hand, the empowerment perspectives of microfinance on rural women not well articulated in the development projects designed in the study area. So Power Africa can use result of the study as an input to measure the program impacts on women empowerment on the top of social and economic benefits of VSLA and also the output can be an evidence to promote the VSLA's microfinance as one strategy for women social and economic empowerment and could also give insight for further investigation and analysis with support of fund providing organization donors and humanitarian organizations.

Therefore, the study has fundamental importance in laying foundation that shows the inherent relationships between microfinance and women empowerment, draw lessons, and recommend issues for future intervention. It is also very important to determine the linkages so as to design interventions that best adapt to local contexts and that would support effective implementation of current program policies.

6. Scope and Limitation of the Study

This study is only a piece of enormous efforts to unfold realities regarding the relationship between VSLA microfinance with multidimensional women empowerment. Therefore its scope is limited in terms of coverage and depth owing to financial and time resources availability. It is limited to only VSLA microfinance in terms of subject and Fedis district in terms of area coverage. On the other hand VSLA is a group business however this study examines empowerment at individual members' level and it doesn't deal with the group empowerment status of the association. Hence, the result of this study can be used as a reference for other similar areas.

7. Study design, Sampling Methods and Sample Size

In order to fulfill the objectives of the study, the researcher will employ mainly non-experimental study design and uses qualitative and quantitative approaches and descriptive method.

The sample included both beneficiaries of the village saving and loan associations schemes. Multi-stage sampling procedure will be applied to draw samples for the study. 11 kebeles, where village saving and loan associations have been operational will be selected purposively as a sampling frame. From the 11 kebeles, four kebeles will be selected randomly through drawing lottery. The sample size from four kebeles will be determined through applying probability proportional to size (PPS) sampling procedures. Then the actual sample respondents of association will be selected using simple random sampling method from the list of VSLA members of each kebele.

8. Data Collection and Analysis: Tools and Procedures

For this study, both primary and secondary data will be collected and analyzed. The data will be quantitative and qualitative in nature. The primary data will be collected from different categories of respondents. Primary quantitative data will be gathered through survey of the sample respondents using pre-tested, semi-structured interview schedule. Primary qualitative data, in addition to those obtained from the open ended questions in the survey, participants of focus group discussions (FGD). Secondary data of quantitative and qualitative in nature, such as quarterly reports, evaluation reports, project proposals, woreda and zone profiles, and statistical data that will be obtained from the project and the government offices operating in the woreda.

For the purpose of conducting survey, enumerators well versed with the local language and culture of the community selected and deployed. Before conducting the survey, these enumerators will be given thorough training and acquainted with the content of the interview schedule. In addition, training facilitated on methods of interviewing that helped the respondents to capture accurate information and approaching them to establish good rapport. Finally the

survey will be conducted by the enumerators under close supervision of the researcher to ensure the reliability and completeness.

Moreover, separate focused group discussions (FGD) will be held with mix of women from both association members and non-members in each kebele that address a total of four groups (one per kebele) for in depth discussion. These FGDs will be held with the help of FGD guide and involvement of the researcher herself. In addition, Key Informant Interviews (KII) will be conducted with community leaders and community facilitators. These informal interviews have been conducted with help of checklists. For all these qualitative data collection, the researcher herself participated to capture voice of the respondents using pocket tape recorder and use the voice to cross-check the accuracy of data at time of transcription.

Based on the purpose of the research to assess the achievements, performances, and challenges of SPSS, descriptive statistical techniques, such as frequency distribution, charts, percentages, diagrams and tables shall be employed for appropriate interpretation and to reach in conclusion.

9. Chapter plan

This thesis is organized into five chapters. The first chapter one has already set out background to the study. Chapter two presents review of literature. Chapter three presents methodology used. Chapter four dealt on result and discussion, and the last Chapter five presents conclusions and recommendations made based on the preceding chapter findings.

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Educational Background:

- MSW Degree in Social Work (CGP:3.30), Indira Gandhi National Open University(IGNOU), Maidan Garhi , New Delhi -110068, India, Aug, 2013.
- BA Degree in Management (CGP: 3.23), Alpha University College, Addis Ababa, Ethiopia, Dec, 2011.
- Diploma in Management (CGP: 3.12), Alpha University College, Addis Ababa, Ethiopia, Dec, 2002.
- BA Degree in Theatre Arts (CGP: 2.38), Addis Ababa University, Addis Ababa, Ethiopia, Jul, 1986.

Training:

- Certificate in Computer Literacy, Ethiopian Science and Technology Commission Training Centre, Addis Ababa, Ethiopia, Feb, 2000.
- Certificate in Gender Project Formulation, Austrian Embassy Development Cooperation (AEDC), Aug, 2000.
- Certificate in the Prevention, Sexual Harassment and Abuse of Authority in the workplace, Online Course, UNDP Certified, Mar 2009.

Research:

- MSW Dissertation on Assessment of Women Saving and Credit Cooperative Services in Zuway Dugda District, South East of Ethiopia, May 2013 ,Addis Abba ,Ethiopia.
- BA Degree Thesis on Children Theatre in Ethiopia, Addis Ababa, May, 1986, Addis Ababa, Ethiopia.
- Produced Awareness Building Artistic works on UN Convention of Child Rights, HIV /AIDS Prevention, Girl Child Education, EPI / ORT, Child Labor and young girl prostitutes.

Work Experience:

Field work Supervisor, St. Mary's University (SMU), Addis Ababa, Ethiopia, Nov 2013-to- date.

- Organize orientation for social work students to familiarize them with social work practicum guidance ,principles ,values , methods and techniques ;
- Provide technical support to students on social work methods such as casework ,group work ,community organization, social welfare administration , social action and research ;
- Advise the students on the development of proposal, organizing, coordinating, communication and report writing skills;
- Mentor social work skills of students in dealing with individual, family, home visit, group work and community work.

Team Leader/Operations Officer, United Nations Mission in Sudan (UNMIS), Oct 2010 – Mar 2011

- Provide technical support to governmental, non- governmental and other partner organizations in implementation referendum project ;
- Ensure smooth implementation of field operations effectively by addressing policy guidance, logistics, and other project needs in a timely manner;
- Enhance the awareness of the community members on women rights to bring about advancement ,development and empowerment;
- Plan, organize and coordinate capacity building training with the objective of attaining high standard of performance in accordance with policies and regulations of the organization;
- Supervise the UN Team in the County and provide overall team leadership and guidance for the team activities and delegation;
- Administer UN personnel and the project office without dedicated administration officer and perform daily administrative matters like sustaining UN living and working standards.

Public Outreach and Training Advisor, UNDP Project - Afghanistan, Feb 2009 – Jan 2010

- Advise provincial Core Public Outreach and Training Officers in designing locally relevant outreach strategies to promote community rights in general and women rights in particular ;
- Advise the outreach and training officers on promoting the prevention of crime against women such as rape, kidnapping ,torture, both mental and physical and sexual harassment;
- Promote women participation in local self-government to participate women in their affairs;
- Assist in coordination of GOs, NGOs, CBOs engagement in effective mobilizing of resources and efficient utilization of the funds;
- Advise the project officers on involving socially disadvantaged groups such as displaced and disabled people as well as women participation in democratization processes.

Public Outreach Officer, United Nations Assistance Mission in Afghanistan / UNAMA/ March 2004-Dec 2005

- Responsible for provincial public outreach program planning , implementation , monitoring , evaluation and reporting;
- Train National Public Outreach Trainers , Public Information Officer and Small Grant Officer and Partner NGO Trainers on public outreach programs;
- Coordinate partner GOs, NGOs , UN Agencies , CSOs media groups involvement in provincial public outreach programs implementation;
- Ensure and update an effective distribution of provincial public outreach materials ,
- Train national staff on Small- Grant project proposal preparation, execution, M&E and reporting writing;
- Coordinate community discussion programs on constitution, electoral laws and voters education .

Human Resource Development and Management Advisor, Oromia Capacity Building Supreme Office (OCBSO) - GO, May 2002 – Mar 2004

- Advise the office on building the implementation capacity of regional state human resource in general;
- Design and formulate project proposals on trainings of Good Governance ,Decentralization, Participatory Planning ,Organizational Conflict Prevention and Management, Strategic Planning and Management that have been fund by FID- Ethiopia , Pact-Ethiopia, and World Bank –Resident Mission;
- Develop and maintain strong working relations with Regional, Zonal and District offices, healthcare , educational and training institutions of the Oromia National Regional State;
- Serve as a key liaison for communication and coordination ,assessment and reporting of activities specific to the projects among OCBSO, Donors , Line Government Offices;
- Prepare projects comprehensive narrative and financial reports for OCBSO and Donors.

District Civic Education Officer, United Nations Transitional Administration in East Timor / UNTAET/ May 2001 – November 2001

- Coordinate ,District Administration and sectors of UNTAET at District level to ensure effective planning , coordination ,communication and operation of civic education across the district,
- Train local staff on civic education and project management of small and medium grants,
- Coordinate training, briefing ,workshop, discussion forum and on – the - spot civic education,
- Provide logistic and administrative support to trainers and ensured effective distribution of civic education materials in the district and sub district ,
- Coordinate UNDP Micro and Medium - Grant projects of civic education at district level,
- Coordinate with national office and UNDP to ensure timely release of fund for partners.

Registration Supervisor, United Nations Administration Mission in Kosovo / UNMIK / April 2000 - October 2000

- Organize training to national staff on registration procedures and technical issues,
- Supervised and advised local staff ,identified the logistics and personnel requirement of the center,
- Complete and forward daily statistics of the registration in the field office,
- Act as focal point for problem solving to staff , logistics and security of the registration center,

District Electoral Officer, United Nations Missions in East Timor / UNMET/July 1999 –September 1999

- Train ,mentor ,advise local staff and run voter registration process ;
- Plan, implement, evaluate, and report civic education activities at district level;
- Organize civic education training and briefing to target voters of various community members;

- Liaison with local authorities , community and association leaders,
- Monitor campaign process, identify and arrange polling stations, supervise polling and counting processes.

Head Program and Communication, Ethio –Swedish Children and Youth Rehabilitation and Prevention Project (ESCYRPP), Dec 1997 – May 2001

- Formulate income generation and awareness creation project proposals and submit to donors as well as implement approved projects ;
- Coordinate education and health care services of children, youth and women;
- Promote means of elimination of stigma, social neglect, physical and sexual abuse and exploitation of girls and women;
- Coordinate psycho-social support services of children , youth and women to develop their human relationships and enable them to participate cooperatively with other community members in activities such as education ,recreation and work;
- Coordinate the implementation of education and vocational training services of vulnerable youth and women in accord with community norms and market- driven employment options;
- Coordinate economic strengthening services of vulnerable target group to make the productive and self-supportive ;
- Coordinate network building among partners of the implementing organization , GOs ,NGOs ,CBOs and donors;
- Promote family planning ,sex education, information and counseling on reproductive health;
- Coordinate the re-integration of children ,youth and women with their parents, close relatives and community members;
- Produce educational and recreational drama on children ,youth and women in difficulty circumstances ;
- Promote the psychological , safety , belongingness , esteem and self-actualization needs of children ,youth and women;
- Prepare and submit the projects implementation narrative and financial reports to Line Bureau and Donor Agencies.

General Manager, Children and Youth Theatre / CYT/ July 1992 –July 1997

- Manage Children and Youth Theatre personnel and property effectively and efficiently;
- Formulate, implement, monitor, evaluate, report and coordinate Japan Embassy , UNICEF and Norway Save the children projects of artistic production and professional equipment;

- Produce awareness building Artistic works on UN Convention of Child Rights , HIV /AIDS Prevention, Girl Child Education , EPI / ORT , Child Labor and young girl prostitutes ;
- Translate alone we are nothing video film into Oromiffa and stage for different national and international communities in collaboration with MoH and UNICEF;
- Establish good working relations with media such as TV , Radio and News Agency
- Prepare reports and submit to HQ on a regular basis.