

**An Assessment of the Role of Microfinance Institution in Urban  
Poverty Alleviation and Women's Empowerment: The Case of  
Addis Credit and Saving Institution in Kolfe Keranyo Sub-City**

**MSW Dissertation Research Project Report  
(MSWP-001)**

**By**

**Rahmeto Juhar Yessuf**

**Enrolment No: 109100831**

**Project Supervisor**

**Mosisa Kejela (MR.)**

**Indira Gandhi National Open University School of Social Work**

**November, 2014**

**Addis Ababa, Ethiopia**

## DECLARATION

I hereby declare that the dissertation entitled “**The Role of Microfinance Institution in Urban Poverty Alleviation and Women’s Empowerment: The Case of Addis Credit and Saving Institution in Kolfe Keranyo Sub-City**” submitted by me for the partial fulfillment of the Masters in Social Work (MSW) program of the Indira Gandhi National Open University (IGNOU) is my own original work and has not been submitted earlier, either to IGNOU or to any other institution for the fulfillment of the requirement for any other program of study. I also declare that no chapter of this manuscript in whole or in partially is lifted and incorporated in this report from any earlier work done by me or others.

Place: Addis Ababa

Signature: \_\_\_\_\_

Date: November 2014

Name: Rahmeto Juhar Yessuf

Enrollment No: 109100831

Address :+251911838549,

Addis Ababa

Ethiopia

## CERTIFICATE

This is to certify that Mr. Rahmeto Juhar student of MSW from Indira Gandhi National Open University was working under my supervision and guidance for his/her Project work for the course **MSWP-001.** His Project Work entitled “ **The Role of Microfinance Institution in Urban Poverty Alleviation and Women’s Empowerment: The Case of Addis Credit and Saving Institution in Kolfe Keranyo Sub-City**” which he is submitting, is his genuine and original work.

Place: Addis Ababa

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: Mosisa Kejela

Address :+251 911 243883

Addis Ababa

Ethiopia

## **Acknowledgements**

I am deeply thankful to Mr. Mosisa Kejela, my supervisor, who sacrificed his precious time and exercise his tirelessly effort to provide me constructive comments, suggestions and guidance in organizing and structuring this paper. I have been very fortunate in receiving guidance from him throughout the process of writing the paper. His patience and support were a great help in getting me through. I sincerely thank him for his guidance without whose advice this paper would not have been what it is now.

I would like to express my pleasant thanks to the staff of Addis Credit and Saving Institution in the head office and in Kolfe Keranyo sub-city branch and sub-branches in Woreda 01, 05 and 06 for supporting me in data collection process and providing me with all necessary documents and information.

Great appreciation goes to sample respondents who spared their precious time to respond willingly to the lengthy questionnaire; without their cooperation, this study could not have been completed.

Above all, my greatest thanks are to almighty Allah, who makes it all possible; and of course my deepest appreciation is to my family for their overall assistance and continues support during preparation of this thesis paper.

## Table of Contents

	Page number
Declaration	ii
Certification	iii
Acknowledgements	iv
Table of contents	v
List of Tables	vii
List of Figures	ix
Acronyms	x
Abstract	xi
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the study	1
1.2 Statement of the problem	2
1.3 Research Questions	4
1.4 Objective of the study	4
1.5 Significance of the study	5
1.6 Scope of the Study	6
1.7 Limitation of the study	6
1.8 Organization of the Study	7
1.9 Operational and contextual definition of Terms	7
<b>Chapter Two: Literature Reviews</b>	8
2.1 Concept of Poverty	9
2.2 Measures of poverty	10
2.3 Concept of Microfinance and Its Development in Ethiopia	12
2.4 Microfinance and Poverty Alleviation	15
2.5 Microfinance and Women’s Empowerment	16
<b>Chapter Three: Study Design and Research Methodology</b>	18
3.1 Study Area	18
3.2 Study Design	18
3.3 Sampling Method	19
3.4 Data Gathering tools and procedures	20
<b>Chapter Four : Data Presentation and Analysis</b>	21
4.1. Introduction	21
4.2 Socio-Demographic Characteristics of Respondents	22
4.3. Targeting the Poor	26
4.3.1 The Average Monthly Income of Respondents	27
4.3.2 The Average Monthly Expenditure of Respondents	28
4.4 Respondent’s Business and Source of Revenue Before Joining MF Program	30
4.5. Borrowers Ability to Pay Their Children’s School Fee Before joining MF Program	32
4.6 The Impact of Microfinance on Health Care and Quality of Food	34

4.7 Ability to Buy Clothes Before and After Joining Credit Program	36
4.8 Information Concerning the Asset of Respondent	37
4.9 Information Regarding Employment Opportunity of Respondents	38
4.10. Women’s Empowerment	41
4.11 Information concerning Credit Mobilization and Utilization	48
Chapter Five : Discussion and Conclusion	58
5.1. Discussion	58
5.2. Conclusions	61
Areas For Further Research	62
Bibliography.....	64
Annex I.....	69
Annex II.....	74

## LIST OF TABLES

Number	Title	Page
Table 1	The Characteristics of Respondents by Sex .....	22
Table 2	The Characteristics of Respondents by Age.....	23
Table 3	The Characteristics of Respondents by Education	23
Table 4	The Characteristics of Respondents by Marital Status.....	25
Table 5	The Characteristics of Respondents by Family size	26
Table 6	Mean for the Average Monthly Income and Expenditure of respondents	30
Table 7	Change in Respondent's Ability to Pay Education Fee before Joining the Credit Program	32
Table 8	Change in Respondent's Ability to Pay Education Fee After Joining the Credit Program	33
Table 9	Response of Respondents on Affording Health Care	34
Table 10	Response of Respondents on the Number of Food Items and Quality of Food...	34
Table 11	Respondents According to their ability to buy clothes	36

Table 12	Respondents According to Their Asset.....	37
Table 13	Respondents Reply on Number of Employees in Their Business Before and After Joining MF program	40
Table 14	Questions and the Response of Respondents on decision making on Schooling Children and Procurement of Food and Clothing	42
Table 15	Decision Making on Utilization of Loans	43
Table 16	Reply of Respondents on Work Experience, Credit Receiving Role on Self Confidence and the Role of Participation in MF Program to Improve Decision Making.	46
Table 17	Responds of the Borrowers on their Reason to Take Loan and the Utilization of the Loan	50
Table 18	Respondents According to Their Lending System Used and Defaulter's Penalty Paid	52
Table 19	Respondents According to their Group Established by and Opinion on the Suitability of Credit Criteria	53
Table 20	Respondents According to Their Interest Payment, Interest Rate and Time Given to Repay Credit	54
Table 21	Respondents According to Their Interest Payment, Interest Rate and Time Given to Repay Credit	57



## LIST OF FIGURES

		Page
Figure 1	Respondents According to Their Average Monthly Income	28
Figure 2	Respondents According to Their Average Monthly Expenditure	29
Figure 3	Business and Source of Revenue of Respondents Before Joining Micro Finance Program	30
Figure 4	Respondents according to Increase in Their Income After Joining MF	31
Figure 5	Respondents According to their Employment Opportunity before Joining MF	40
Figure 6	Representation of Respondents Role in the Community Participation	45
Figure 7	Respondents According to Their Views on the Amount of Credit Provided by AdCSI	49
Figure 8	Respondents According to their respond on Income Increase after Joining MF Program	52
Figure 9	Respondents Reply on Their Disliked AdCSI's Services	56

## **Abbreviations and Acronym**

AdCSI	Addis Credit and Saving Institution
AVF	Vulnerability Framework
ADLI	Agricultural Development-Led Industrialization
CBOs	Community Based Organizations
CSA	Central Statistics Agency
ECA	Economic Commission of Africa
GDI	Human Development Index
GDP	Gross Domestic Product
GTP	Growth and Transformation Plan
HDI	Human Development Index
KK	Kolfe Keranyo
KKSC	Kolfe Keranyo Sub City
MC	Micro Credit
MCIs	Micro Credit Institutions
MFI	Micro Finance Institution
MFIs	Micro Finance Institutions
MoFED	Ministry of Finance and Economic Development
NBE	National Bank of Ethiopia
NGO	Non-Governmental Organization
NGOs	Non-Governmental Organizations
OAU	Organization for African Union
PSDEP	Plan for Accelerated and Sustained Development to End Poverty
UNCHS	United Nations Center for Human Settlement
UNDP	United Nations Development Program
WB	World Bank

*Rahmeto Juhar*

*Abstract*

*This thesis paper tries to examine the following research questions: to what extent AdCSI schemes help beneficiaries by alleviating poverty? What are the roles of participating in MFI programs in the empowerment of women? And what are constraints/ challenges faced by clients of AdCSI in KKSC in getting and utilization of credit. The analytical framework for the study is adopted from Hulme (2000). Primary data collected from borrowers and key informants through close ended questionnaires and interview guide prepared for interviewing forty five sample borrowers and five key informants from three sub-branches of AdCSI in KKSC of Addis Ababa and the Statistical Package for Social Science software applied to simplify the data analysis. The findings prove that the income of the borrowers increased to the extent that it exceeds expenditure and improve their saving; the expenditure of borrowers improved to cover the cost of consumption, food, health, education and other expenses; the participation in the microfinance program created employment opportunity beyond the participants to their families and other members of the community; the voiceless women borrowers in their own life before their participation in the microfinance program have major role in decision making beyond their life to their families and the community after joining the program. However short repayment period, high interest rate on loan, small amount of loan provided, and low interest rate on saving are proved to be constraints or challenges in getting and utilizing of loan by borrowers from the institution. This paper may help as a source of information in the area of microfinance and as a clue to AdCSI to conduct deeper assessment and revise its credit modalities and the programs.*

# **Chapter One: Introduction**

## **1.1 Background of the study**

Microfinance services in Ethiopia introduced following the policy of economic liberalization after the collapse of Dergu regime. Microfinance is taken as a shift from government and NGOs- subsidized credit programs to financial services run by specialized financial institutions. With this shift some NGOs and government microcredit programs were transformed to microfinance institutions. Microfinance in Ethiopia has legal ground (Degefe, 2009:1-4).

According to Peck and W/Yohannes (2009:7) much of the excitement behind microfinance is driven by its potential to help poor people better manage their financial resources, take on new economic opportunities, mitigate everyday risks, reduce vulnerability and improve their living condition.

Although the potential demand for financial services, particularly microfinance, in Ethiopia is huge, the existing supply of financial services to the poor is very limited. Commercial banks, MFIs, and some semi financial services like “Iquibs”, “Idders” and “Mahabers” and informal sources like money lender and trader are major suppliers of credit service in Ethiopia. However, it should be noted that the MFIs meet only less than 20 percent of the demand for financial service of the poor (Peck and W/Yohannes, 2009:7).The micro credit and saving institutions in Ethiopia focus mainly on group based lending and promote compulsory and voluntary savings.

Increasing access to financial services is main development tool, because it helps in increase their income and consumption, which would finally reduce poverty.

Since the establishment of Addis Credit and Saving Institution (AdCSI) in 2000, it has attracted a number of clients in its branches in all the ten sub-cities of Addis Ababa. Each sub-city is also again equipped with Woreda branches to address the problem of the poor in the city. Addis Ababa City Government is the major owner of the institution and provides many supports to realize its vision and mission. AdCSI is highly subsidized and gets 97 percent of financial resource from Addis Ababa City Government (Alehegn, 2007).

The mission of AdCSI is to become exemplary MFI in Ethiopia by making contribution to poverty alleviation, employment creation and women's empowerment. The major objective of the institution include: provision of sustainable and reasonable loan service to develop the saving culture of the community beneficiary, enlarge the community to develop self-confidence with particular attention to women. Hence in this study the researcher focus on an assessment of the role of Addis Credit and Saving Institution towards urban poverty alleviation and women's empowerment with special reference to KKSC sub-branches.

## **1.2 Statement of the problem**

The Ethiopian government has become very concerned in micro-finance and has given emphasis to microfinance sector because it is designed to meet the poor peoples' needs and to alleviate poverty.

Consequently, almost all MFIs including AdCSI are working based on poverty alleviation mission of the country as poverty has continued to be the declared core objective in the government's (SDPRP). This has given an adequate emphasis to the problems of urban dwellers.

Addis Ababa is the capital of the country, the seat of OAU and ECA that constitutes about 26 percent of the total urban population of the country. Yet, it is one of the least developed

cities in Africa facing a major challenge of urban poverty and slum proliferation (Haregewoin,2007:4). Addis Ababa is presently suffering from a host of social and economic problems including widening income disparity, deepening poverty, rising unemployment, severe housing shortage, poorly developed physical and social infrastructure and the proliferation of slum and squatter settlements (UN-HABITAT, 2007:1).

According to Mills and Perenia cited in UNCHS (2000:4) urbanization is an integral process of development. It allows people to enjoy better service, education, health etc. Though urbanization provides opportunities, it is also the cause for deprivation, lack of access to essential needs of human beings, in-adequate income, etc. which are all manifestations of urban poverty, are quite common in urban areas.

With the higher concentration of facilities per population than other urban centers in the country, Addis Ababa enjoys a privileged position. However, the city is not able to accommodate the increasing population being attracted by the attracting facilities and employment opportunity. Therefore, in Addis Ababa, just like other urban areas of the nation, poverty is rampant and widespread.

Hence, microfinance institution is a device for supporting the economy and social conditions of the poor by facilitating access to health and education facilities and enhancing the living standards of poor. It has been recognized by the government as one of an effective tool to reduce poverty in the city by providing credit and saving facility to start small business and to create employment opportunities to those who do not have access to the commercial banks.

What so ever the policy on the program is acceptable and supported by the government and believed to be effective in poverty alleviation and empowerment, the impact of program implementation should be assessed and examined to learn lessons and there by improve efficiency. If so scares resources such as money, time and human resource will not be wasted. However, in practice many microfinance programs particularly those in Kolfe Keraneo sub city have never been evaluated. In view of these felt need, this research is focused on assessing the role of Addis Credit and Saving Microfinance Institution in poverty alleviation and women's empowerment and the implementation challenges faced by clients in accessing and utilization of microfinance program in KKSC of Addis Ababa by taking AdCSI and its clients as a unit of analysis and by addressing the following basic research questions.

### **1.3 Research Questions**

1. To what extent AdCSI schemes help beneficiaries to create employment opportunities, to generate income, to own assets and meet their basic needs?
2. Does women's role as clients of microfinance programmes translate into empowerment for them?
3. What are the challenges faced by clients/ borrowers in accessing and utilization of loan?

### **1.4 Objectives of the study**

Microfinance institutions have been applied in Ethiopia with the ultimate goal of poverty alleviation. The general objective of this study is to examine the impact of MFIs towards poverty alleviation and women's empowerment. The specific objectives are:

1. To study the impact of micro finance services of AdCSI on poverty alleviation of its clients in Kolfe Keranyo sub-city of Addis Ababa;
2. To examine if microfinance services of Addis Credit and Saving Microfinance Institution have positive impact on women's empowerment;
3. To identify the implementation challenges in accessing and utilization of loan from Addis Credit and Saving Microfinance Institution in Kolfe Keranyo sub city of Addis Ababa.
4. To draw conclusions about the applicability of microfinance in alleviating the poverty in urban area and women's empowerment.

### **1.5 Significance of the study**

Poverty is a critical problem of Addis Ababa city. Although the focus is in rural area, the government of Ethiopia is currently emphasizing on poverty alleviation and the government's GTP considered MC, among others, as one of the tools to alleviate poverty. Currently, MCIs are working all over the country to provide credit services to rural and urban poor who do not have access to financial services from formal banks.

Therefore, it is important to assess/explore the roles of MFIs in alleviating urban poverty and women's empowerment with the case of Addis Credit and Saving Institution in Kolfe Keranyo Sub-City of Addis Ababa. The study may also help AdCSI as a clue to evaluate their contribution towards poverty alleviation and women's empowerment and revise their programs. In addition, this study may also contribute to the existing literature on poverty alleviation in urban areas and women's empowerment.



## **1.6 Scope of the Study**

There are many MFIs in Addis Ababa City Administration but the scope of this study limited only on AdCSI and its clients in KKSC Branches particularly in Woreda 01, 05 and 06 . Microfinance covers a wide area of issues and encompasses urban poverty in terms of social, economic, political, cultural perspectives. However, the focus area of this paper will be limited to the economic and social perspectives. Since there are different factors that affect the situation of the clients, this paper will not control those factors totally.

## **1.7 Limitation of the Study**

This study is limited to the clients who are participating in AdCSI microfinance program in KKSC. It only focuses on one MFI and very limited sample size. Therefore, it may not have a strong scientific justification and representativeness to generalize about the role of MFIs on reducing poverty in the whole country.

The other limitation of this study is it is time bounded and financially constrained. There is also problem of getting trustworthy information from respondents due to the absence of a baseline survey in the study area, before the implementation of the program and respondents may not recall the situations before taking loans properly.

The majority of the people carrying out the micro and small level business are expected to be illiterates and therefore the questionnaire might be a difficult tool to gather data. In order to avoid such inconveniences and to increase the return rate of the questionnaires, the researcher used data collectors who have knowledge of the research questionnaire.

Despite the above limitations, it is believed that, the random samples helps to make reasonable analysis and conclusion on assessing the role of microfinance in urban poverty alleviation and women's empowerment in the study area.

## **1.8 Organization of the Study**

This paper has five chapters. The first chapter deals with the introduction which includes: background of the study, problem statement, research questions, objectives and the significance of the study, scope and limitation of the study as well as organization of the study. The second chapter focused on conceptual and analytical frameworks of the research and concepts and definitions of key terms such as: poverty, microfinance and women's empowerment by reviewing related literatures. The third chapter deals with the methodology of the study. Data presentation and analysis are undertaken in chapter four. The fifth and the last chapter will present the summery of findings, discussions and conclusions of the study. The bibliography and annexes followed chapter Four.

## **1.9 Operational and Contextual Definitions of Terms**

For the purpose of understanding, some of the words and phrases that need clarification are operationally defined as follows.

### **Empowerment**

The concept of empowerment has been the subject of much intellectual discourse and analysis. For the purposes of this discussion, Empowerment, particularly women empowerment, is the processes by which women take control and ownership of their lives through expansion of their choices' (United Nations, 2001). It is an enhancement that can take place at a hierarchy of different levels – individual, household, community, and

societal – and is facilitated by providing encouraging factors (e.g., exposure to new activities, which can build capacities) and removing inhibiting factors (e.g., lack of resources and skills).

**Iqub:** is the name of an indigenous Rotating Savings and Credit Association (ROSCA) in Ethiopia. It is an association through which people pool equal amount of savings on a regular basis and give it to a member through rotating lottery or draw, until the last member gets what he/she has saved. It is one of the popular mutual support schemes, which is often formed by people affiliated to one another.

**Iddir:** In this study, Iddir refers to a community burial and support association rendering financial and labor support services during mourning to families who lost their relatives (death).

**Mahber:** refers to a support union, which is usually formed on the basis of religious, ethnic, professional, etc. affiliation whereby, members contribute some amount of money on a voluntary basis, which they will latter use for individual, group, or community support programs.

**Woreda:** is the smallest (lowest) unit of government in Ethiopia. It is composed of a number of Kebeles or neighborhood associations. Woredas in Ethiopia are typically collected together into zones, which form a region.

## **CHAPETR TWO: LITRATURE REVIEW**

In this chapter the conceptual and analytical frameworks of the research and concepts and definitions of key terms such as: poverty, microfinance and women's empowerment are presented through reviewing related literatures.

## 2.1. Concepts of Poverty

Before assessing the impact of microfinance institution on poverty, it is necessary to understand the concept of poverty and its relative definitions. Poverty is a broad, multifaceted and multidimensional concept that involves the economical, social, political and environmental well-being of the people (WB, 2002). There is no clear agreement among experts and policy makers on how to define, measure and eradicate poverty (Meehan, 1999). Consequently, there is no absolute and standardized definition of poverty rather than defining it in relative terms. Different people view and define it in different manners.

The Canadian International Development Agency (CIDA, 2002) defines microfinance as, “the provision of a broad range of financial services to the poor, low income households and micro-enterprises usually lacking access to formal financial institutions”.

The broad and widely used definition of poverty is developed by the World Bank, which includes the economic, social, political and environmental situations of the people. The broader definition of poverty as the multidimensional phenomena leads to a clearer understanding of its causes and to formulate a more comprehensive policy aimed at poverty reduction. According to the World Bank Development Report (1990); poverty is *an inability to attain a minimum standard of living, poverty means a shortage of having enough to eat, a low life expectancy, a higher rate of infant mortality, low educational standard, enrollment and opportunities, poor drinking water, inadequate health care, unfit housing conditions and lack of active participation in decision making process.*

Therefore, poverty is not only material deprivation, as living with low income and low consumption characterized by poor nutrition and poor living conditions. It is also associated

with the low health and educational levels that are either the cause or the result of low income which is said to be human poverty. Different researchers define poverty on the basis of income level instead of using its broader definition, which includes well being. However, Hulme and Mosley, 1996 consider the definition as inadequate and incomplete.

The dimensions of poverty are classified by World Bank report as at least in four dimensions. These are: lack of income, low level of achievement in education and health, vulnerability to risks and some sort of insecurity and voiceless ness.

At the World Summit on Social Development in Copenhagen 1995, the international community adopted and endorsed a multidimensional definition of “absolute” poverty that is unacceptable and should be eradicated as “Absolute poverty is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services.” According to Joseph Rowntree Foundation research (2008) low income is just one indicator of poverty. A fuller picture looks at all resources, not simply income. This can include access to decent housing, community amenities and social networks, and assets, i.e. what people own. Somebody who lacks these resources can be said to be in poverty in a wider sense.

## **2.2. Measures of poverty**

Conventionally, the income or expenditure level that can sustain a minimum standard of living measures poverty. Poverty can be commonly measured by constructing a line called poverty line. The cross cutting level which is constructed from monetary estimates of minimum needs is said to be poverty line (Getahun, 1999). Poverty line is also defined as a threshold level of per capita income or consumption level below which an individual is

labeled to be poor (WB, 1991). The poverty line represents a minimum level of economic participation in a given society at a given point in time. People below this threshold is said to be poor. Poverty line can be estimated in two different approaches. These approaches are absolute poverty and relative poverty.

*Absolute poverty* is the lack of one or more basic needs over a period long enough that it imperils our life or can cause it harm. It covers vital and biological needs such as food, water, clothing, basic housing (or anything that looks like a decent roof over your head), and a minimum of sanitation. It refers to a set standard which is the same in all countries and which does not change over time. Living in absolute poverty is harmful and can endanger our life. It tends to identify those who are starving without any comparison made with others.

To allow for international comparison the world Bank has established an international poverty line of 1US dollar a day per person in 1985 purchasing power parity (PPP) prices which is equivalent to 1.08 dollar a day per person in 1993 PPP prices. According to this measure the portion of extremely poor people in the world's population (people living on less than 1 dollar a day) decreased between 1990 and 1999 from 29 percent to 23 percent respectively. Developing countries have the highest percentages of population living below the poverty line. The highest incidence of poverty is observed in sub-Saharan Africa, with almost half of its population living below the poverty line (1 dollar).

The relative poverty implies that one has less than what others have. It tends to identify with comparison of the circumstances in one group of people or an entire economy with another one. It refers to a relative income differential of distribution. It may not be a

situation of an entanglement in between life and death as of the case in absolute poverty. It exists when the subjects under consideration are “poor” in relation to others (Todaro, 1997). Microfinance is theoretically assumed to be a new field of financial sector with the aim of providing financial services to low income clients who traditionally lack access to banking. Microfinance, when extended to people, especially women, in rural areas coupled with supporting activities like training, raw material supply, marketing of products leads to investment in micro enterprises, women may become entrepreneurs and reduce poverty (Akinsanmi,2005). Some scholars argued that the cause of poverty in developing economies among other things is that the poor does not have access to credit for the purpose of working capital as well as investment for its small business (Pitt and Khandker, 2003; Jean-Luc, 2006).

In Ethiopia microfinance has been considered as an important tool for agricultural and food security under the Agricultural Development Led Industrialization Strategy (Belay,2001;FDRE,2002). The Strategy also emphasizes, among others, credit as a means to increase smallholder production and saving (Jean-Luc, 2006).

### **2.3 Concept of Microfinance and Its Development in Ethiopia**

Microfinance Institutions (MFI's) are defined as institutions whose major business is the provision of microfinance services (Oyunjargal and Nyamaa, 2002). It is the provision of a broad range of financial services such as deposits (savings), loans, payment services, money transfers and insurance to poor and low-income households and their micro enterprises (Putzeys, 2002).

Microfinance has undergone several transformations in terms of concept, services type and approaches/modes of provision. Indeed, microfinance is said to be a new and emerging

field in which there is still a lot to learn (Dunford, 2000). Others, however, argue that since it is rather not easy in practice to consistently serve clients that are living below the poverty line, micro-financing is meant for those who are presumed to be able to repay loans (Meagher, 2002).

These contributes for income-generating activities encompass a wide range of area, such as small business promotion, cooperatives, job creation schemes, sewing circles and credit and savings groups. Albee (1994) opined that economic empowerment projects usually focused on income-generating activities, which allow women to independently acquire their income. Sarangi (2007) evaluated the impact of microfinance program on rural poor households in some backward regions of Madhya Pradesh in India. The findings suggested that on the one hand, many of the very poor households were excluded from the program, and on the other, the gains from participation of the program were mostly observed for the better-off section of households, particularly those with high capital income or the large land holders.

Sharma (2007) examined the impact of participation in microfinance program on women's autonomy and gender relations within the household. The study of Krishnaraj and Kay (2002) concluded that credit to serve as a sole instrument of poverty alleviation did not seem to be plausible without other collaborative mechanisms that help in increasing the potential of credit use by the poor or the small farmer. It was also found that microfinance institutions had reached only a tiny fraction of the population and the challenge was to multiply the existing services. However, most of the literatures are oriented towards the importance of microfinance services and multiply the existing services rather than identifying its determinants (Wolday, 2007). Moreover, studies that critically assess the determinants of women's economic empowerment through microfinance services are so far



limited in the country (Padma and Getachew, 2004). This is perhaps due to the fact that both micro-finance development and priority attention to women's empowerment are new and are currently recognized as important strategies. Identifying the determinants of women's empowerment through microfinance services helps to understand the real problems at gross root level (Seifu, 2002). Hence, it is essential for microfinance institutions to be demand driven rather than supply responsive.

Although the development of microfinance institutions in Ethiopia started very recently, the industry has shown a remarkable growth in terms of outreach particularly in number of clients (Wolday, 2000). The importance of the micro and small enterprises sector in Ethiopia, particularly for the low-income, poor and women groups, is evident from their relatively large presence, share of employment and small capital requirement. The burden is worse in rural Ethiopia where peasant women have no alternative to generate their own income and to be self reliant (Haimanot, 2007)

These are sufficient reasons for governments and other stakeholders in development to be interested in micro and small enterprises (Gebrehiwot and Wolday, 2001). In line with the development of micro-finance institutions, the Government of Ethiopia set up participatory rules and policies which gave space for women's productivity which constitutes 50% of the population. Padma and Swamy (2003) noted that government has formulated and issued the Ethiopian women's policy to speed up the economic and social advancement of women. This policy gives special emphasis to women by 'facilitating the necessary conditions whereby they can have access to basic services and to ways and means of lightening their workload (Haimanot, 2007).

## **2.4 Microfinance and Poverty Alleviation**

Poverty has become the primary concern of less developed countries and poverty alleviation has become the most important challenge faced by policy makers and practitioners who have been trying to improve the lives of the poor. Although poverty alleviation has featured as a priority developmental goal of governments of LDCs, the outcome has not largely been as expected. Experience shows that government hand outs and aid to poor communities and households had insignificant or no contribution to poverty alleviation in the shortest possible time (Zaid Negash, 2002:19).

According to Weiss (2005: 250), in recent years there has been a significant shift in both thinking and practice in the micro-finance sector with MFIs coming to be seen as providing a range of financial services to the poor, including savings facilities, not just micro credit. In terms of understanding poverty a simple distinction can be drawn within the poor group between the long term or chronic poor and those who temporarily fall into poverty as a result of adverse shocks, the transitory poor. On the other hand, chronic poor one can distinguish between those who are either so physically or socially disadvantaged that without welfare support and the larger group who are poor because of their lack of assets and opportunities. Moreover, within the non-destitute category one may distinguish by the depth of poverty i.e. how far households are below the poverty line, with those significantly below it representing the core poor sometime categorize by the irregularity of their income (Weiss 2005).

In principle microfinance can relate to the chronic (destitute) poor and to the transitory poor in different ways. The condition of poverty has been interpreted conventionally as one of lack of access by poor households to the assets necessary for a higher standard of income,

whether assets are thought of as human (access to education), natural (asses to land), physical (access to infrastructure), social (access to networks of obligations) or financial i.e. access to credit (World Bank cited in Weiss 2005: 251). Microfinance institutions try to overcome barriers through innovative measure such as group lending and regular saving schemes as well as establishment of close links between poor clients and staff of the institutions concerned (World Bank cited in Weiss 2005: 252).

Weiss points out that the case for microfinance as a mechanism for poverty reduction is simple. If access to credit is improved it is argued that the poor can finance activities that will allow income growth, provided there are no other binding constraints (Weiss, 2005:251).This is a route out of poverty for the non-destitute chronic poor.

Fisher and Sriram (2002) stress that access to microfinance services protects the poor against the often severe consequences of fluctuating incomes, ill health, death and other emergency expenditures. Despite the vast claims that microfinance credit works best for the poor people, Johnson and Rogaly (1997) argue that poorest borrowers become worse off as a result of credit and that it makes them vulnerable and expose them to high risks. Therefore, this study needs to have assessed the microfinance contribution to alleviate the poverty.

## **2.5. Microfinance and Women's 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, 8).

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).

The idea of empowerment has influenced development practitioners, development agencies, theoreticians and donor agencies in the last decade (Padma and Getachew, 2004). In line with the development of microfinance institutions, the Government of Ethiopia set up participatory rules and policies which gave space for women productivity. Padma and Swamy (2003) noted that, government has formulated and issued the Ethiopian women's policy to speed up the economic and social advancement of women. Rural development programs need to reorient their implementation strategies so that they would target rural women as beneficiaries of development initiatives and programs. Within this framework, anti-poverty and women empowerment could be aspects of the major development strategies. While microfinance institutions have increased their efforts to provide credit to women, in Ethiopia women constitutes only 45% of those reached by microfinance (Getaneh,2010). As the dominant objective of Microfinance in Ethiopia is to provide a broad range of micro-finance services to large numbers of poor households, it should be their priority to accommodate remarkable numbers of women clients to accomplish tangible changes in the livelihood of the poor.

## **Chapter Three: Study Design and Research Methodology**

### **3.1 Study Area**

KKSC is one among ten sub cities of Addis Ababa City Administration. Its neighbors are: in the north Gulele sub city, in the east Addis Ketema and Lideta sub cities, in the south east Nefessilk Lafto sub city, in the south Sebeta town of Oromia Regional State and in the west Oromia Regional State. The total area of the sub city is estimated about 61.25 square kilometers. The total population of sub city estimated in 2011 to be 546,219. Of this 235,360 are female and the remaining 220,859 are male. The population density per square kilometer in the sub-city is 7448.5 The sub city was established according to the proclamation No.1/1995 of Addis Ababa city administration, and it had 10 Woreda administrations until 2012 . But these 10 Woredas divide into 15 woredas since 2012. There is one sub branch of Addis Credit and saving microfinance institution in each woredas. However, for the purpose of this study only those ten woreda's sub branches which have at least five years work experience have been selected as target of the study.

### **3.2 Study Design and Method**

This study attempted to assess the role of microfinance in urban poverty alleviation and women's empowerment in Kolfe Keranyo Sub City of Addis Ababa . The researcher thus employed case study design. In addition, both quantitative and qualitative research approaches applied to achieve the objectives and to address the research questions. Specifically, the researcher used descriptive sample survey research method of the quantitative research approach. Semi – Structured interviews and documents analysis research methods of the qualitative research approaches used.

### **3.3 Sampling Methods**

Sampling requires careful sampling procedures so that generalizations may be extended to other individuals, groups, times or settings. Scientific research also needs accuracy of observation, quality of imagination; creativity and objectivity which are common elements for it.

The researcher used both probability sampling method for conducting descriptive sample survey and non- probability sampling technique for undertaking qualitative study in order to generate qualitative data using semi-structured interviews. This purposive sampling technique used in the study due to the familiarity with the area under investigation and their ability to furnish information readily since the researcher also required specific, accurate and appropriate information. The ideal sample should be large enough to serve sufficient representation of the targeted population about which the researcher desires to generalize and small enough to be selected economically-in terms of subject availability, expense, and difficulty of data analysis.

Out of total 650 study population found in the three Woredas, two hundred have less than five years of work experience and they are excluded from the study using exclusion criteria of minimum of five years of credit relationship with the institution. A sample size of forty five borrowers which are ten percent of eligible borrowers proportionately are drawn from the three sub-branches of AdCSI in Kolfe Keranyo for interview to undertake the study. Qualitative data collected from five senior staff of AdCSI through interviews guide prepared for key informants. These key informants were selected purposely by the researcher based on their knowledge of the study area and their interest for interview.

### 3.4 Data gathering Tools and Procedures

Selection of appropriate methods and tools for data collection depends on the purpose and focus of the assessment, its context, the capacity and skill those involved, and the resource available. One of the major skills needed is managing properly the results obtained by those combinations and sequencing of tools and methods. Therefore, structured questionnaires to collect quantitative data from borrowers and interview guide to collect qualitative data from key informants were prepared and used. Documentary analysis matrix was used to generate secondary data on Addis Credit and saving institution.

The interview schedule formulated to explore and to collect the respondents written reflections on the questions. Forty five borrowers and five key informants were participated in the research study. The interview schedule was designed to collect pertinent quantitative and qualitative data from the selected respondents regarding their demographic condition ; employment situation ; monthly income ; accessibility to basic facilities ; members' expenditures patterns; their decision making power in family and community affairs; and problems they faced in accessing and utilization of loan from AdCSI. The researcher also considered the possibility of providing for anonymous responses for delicate or confidential information to obtain objective and honest responses. In general, the interview schedule consists of close , open-ended and mix questions used to assess the general profile ,income, and asset ,expenditure ,access to education ,access to healthcare, employment creation ,savings and loans disbursement ,training and experience ,decision making power and general information and perception of the respondents regarding the positive contributions of Addis Credit and Savings Institution in urban poverty alleviation and women's empowerment.

Asking only one question at a time, repeat a question (if necessary) in order to make sure that the interviewee will understand the question, and then listening carefully to the interviewee's responses, observing the interviewee's facial expressions, gestures and tones / voices so that the researcher may derive meanings from informants' body language were followed procedures by the researcher. The researcher further allowed key informants sufficient time to answer the questions, avoid suggesting answers to questions, maintained a neutral. The researcher used logbook to take note to record the responses in details.

The researcher chatted briefly with each respondent in attempt to put both the researcher and the respondent at ease prior to engaging in administering the instrument. Then, the researcher prepared each respondent for the interview by explaining the purpose of the study, ethical considerations and confidential issues and by gaining their verbal consent. Semi-structured interviews conducted with staff of the institution to collect additional relevant information that contributed to the achievement of objectives of the study.

## **Chapter Four: Data Presentation and Analysis**

### **4.1. Introduction**

Data collected through questionnaires and interview are systematically presented, and findings analyzed and presented based on impact analysis framework, which shows the linkages of variables involved in the study, adopted from Hulme (2000) shown in Figure 1.1 and the fundamental research questions to be answered by this study. These research questions are: How are MFIs targeting the poor, especially women in their service provision? To what extent AdCSI schemes help beneficiaries to create employment opportunities, to generate income, to own assets and meet their basic needs? Does women's



role as clients of microfinance program translate into empowerment for them? And what have been the challenges faced the clients of AdCSI in getting and utilizing the credit?

## 4.2 Socio-demographic Characteristics of Respondents

It is important to find out the individual characteristics such as sex, age, level of education, marital status, family size, and occupation of sample respondents they have. These specific characteristics would affect their participation in the microfinance program.

As indicated in Table 3.1 below, of the total sample borrowers of AdCSI in Kolfe Keranyo Sub city, except a very slight difference both sexes were equally benefited from the program. Of the total 45 respondents, 24(53%) were females and the remaining 21(47%) were males.

**Table 1: The Characteristics of Respondents by Sex**

Description of Variables		Number of respondents	Percentage of respondents
Sex	Male	21	47
	Female	24	53
	Total	45	100

Source: Survey data, 2014

As stated by the staff of AdCSI in KK branch, the reason for more women in the sampled microfinance sub-branches of AdCSI could be the result of the fact that the institution have increased its' efforts to provide credit to women because they are very susceptible to poverty, concerned to the welfare of their household members and reliable to pay their credit. This finding is indicating some improvement in the participation of women in microfinance services compared with previous study result by Getaneh ( 2010) which

concluded that in Ethiopia women constitute only forty five percent of those reached by microfinance institutions.

Although the number of women participants is to some extent higher than number of men participants in this study, there is a need to attract more women to participate in the service since they are more concerned to the welfare of their household members and they are still more at risk to poverty than men and their participation in microfinance program would help more to alleviate poverty.

**Table 2: The Characteristics of Respondents by Age**

Description of Variables		Number of respondents	Percentage of respondents
<b>Age</b>	18-35	27	60
	36-45	15	33.3
	over 45	3	6.7
	<b>Total</b>	<b>45</b>	<b>100</b>

Source: Survey data, 2014

**Table 3: The Characteristics of Respondents by Education**

Description of Variables		Number of respondents	Percentage of respondents
<b>Education</b>	Illiterate	3	6.7
	primary(1-8),	9	20
	Secondary (9-10)	9	20
	Preparatory	7	15.6
	Diploma	11	24.4
	BA degree and above	6	13.3
	<b>Total</b>	<b>45</b>	<b>100</b>

Source: Survey data, 2014

As shown in Table 2 above out of the total respondents, 27(60%), 15(33.3%), 3(6.7%) are in the age group of 18-35, 36-45 and over 46 years respectively. From this, it is understood that the majority (93.3%) of the respondents is categorized under productive age group of (18-45 years) and only 6.7% of them are above 46 years of age. The reason for majority of borrowers to be in productive age group might be attributed to the fact that people in this age group have been promoted by the current government to create their own income generating micro and small scale businesses so as to reduce poverty and improve their living standards.

As the level of education of respondents illustrated in table 3 above, from the total respondents, over 73% reported that their education level is from secondary school to first degree and above level and only few 6.7% of them said that they are illiterates. This result contradicts with existing views and expectation that the majority of people carrying out micro and small scale business activities and participating in the microfinance programs to be illiterates. The reason for this unexpected good academic status of sample respondents, according to the staff of AdCSI in KKSC, is due to the current government policy which is promoting high school dropouts and fresh graduates from colleges to be organized and create their own micro and small scale business enterprises, using different financial source, including microfinance, rather than waiting for government employment opportunities.

This education level of the respondents has positive implication on the use and management of the loan by the borrowers. The issues of business expansion and diversification of products, asset accumulation and interest calculations can easily be understood and practiced by these educated clients.

**Table 4: The Characteristics of Respondents by Marital Status**

<b>Description of Variables</b>		<b>Number of respondents</b>	<b>Percentage of respondents</b>
<b>Marital Status</b>	Married	26	57.8
	Un married	15	33.3
	Divorced	3	6.7
	Widowed	1	2.2
	<b>Total</b>	<b>45</b>	<b>100</b>

Source: Survey data, 2014

The information on the marital status and family size of the respondents was also collected through interview questionnaires because the size of family and marital status has implications to the family income, expenditures and repayment of loan. The response of sample borrowers on their marital status and family size is shown in table 3.4 above. The research reveals that, the majority 26 (57.8%) of respondent are married, 15 (33.3%) of respondents are unmarried, 3 (6.7%) of them are divorced and only 1(2.2) is widowed. This evidence proves that AdCSI gives loan to more married clients than unmarried and any other marital status group clients. According to the staff of AdCSI in KKSC, the reason for participation of more married clients than other marital group clients in the credit program is due to the fact that the demand for basic necessities by married people is higher than single people and they are more stable and faithful in loan repayment than the single persons who would default and easily run away from the area without paying. With this reasons the AdCSI in KKSC is providing its microcredit to more married clients than other marital status groups.

**Table 5: The Characteristics of Respondents by Family size**

Description of Variables		Number of respondents	Percentage of respondents
Family Size	1-4	29	64.4
	5-10	15	33.3
	Above 10	1	2.2
	Total	<b>45</b>	<b>100</b>

Source: Survey data, 2014

The analysis of family size of respondents in Table 5 above shows that all respondents have at least one family member. The number of dependents is contributory factor to the need and utilization of the loan from the MFI. This is because the bigger the family means the greater the demands for the basic necessities of life such as: food, clothing, shelter, health and education. Generally when there is more demand than the supply for these basic services the household head searches for alternatives to enable him to provide basic necessities for the family. According to the staff of AdCSI in KKSC, the clients with large family size are frequently using the loan provided by the institution to create additional income to the family by using family members as facilitators to the income generating activities around their villages.

### **4.3. Targeting the Poor**

Microfinance institutions in Ethiopia targeted in principle the low income segment of the community. The urban credit program by Addis Credit and Saving Institution is mainly launched to address the problem of the urban poor through providing certain credit access in order to enabling them involve in different socio-economic activities to improve their living standards.

To examine the impact of MF services of AdCSI on urban poverty alleviation, relevant information on economic condition of sample respondents were collected through interview questions.

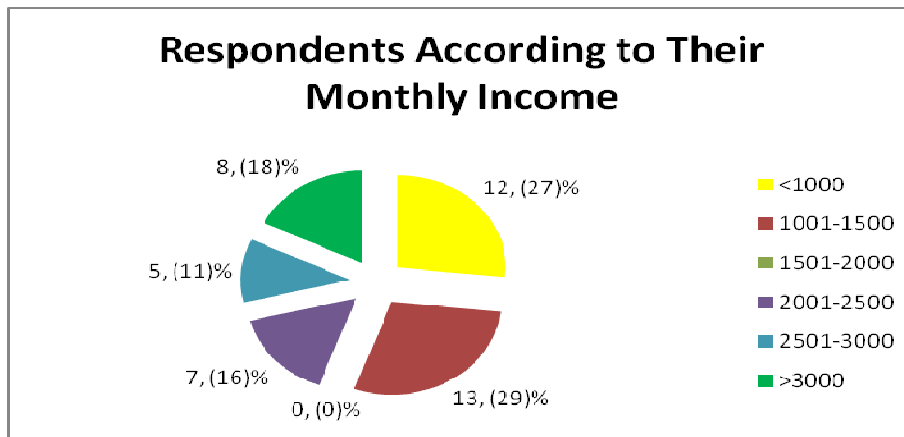
The increase or decrease in the level of income may have an implication on the life standard of the individuals. Increasing income, for instance, may create the opportunity to open business, create employment opportunity, access to health service, education, a means to fulfill basic needs and own assets. The sample borrowers were asked to state their average monthly income and expenditures to know the income and expenditure status of beneficiaries.

#### **4.3.1 The Average Monthly Income of Respondents**

As the purpose of this study is to assess the role of AdCSI on urban poverty alleviation and women empowerment, thorough examination of the economic status of respondents and the impact upon their livelihood will have important meaning. The respondents' average monthly income, expenditure, and savings are discussed thoroughly. Pertaining to income, issues related to the sources of income, expenditure of the respondents on food before and after being involved in AdCSI credit program was studied.

The response of sample respondents on their average monthly income and expenditure is depicted in the Figures 1 and 2 below.

**Figure 1: Respondent According to Their Average Monthly Income**



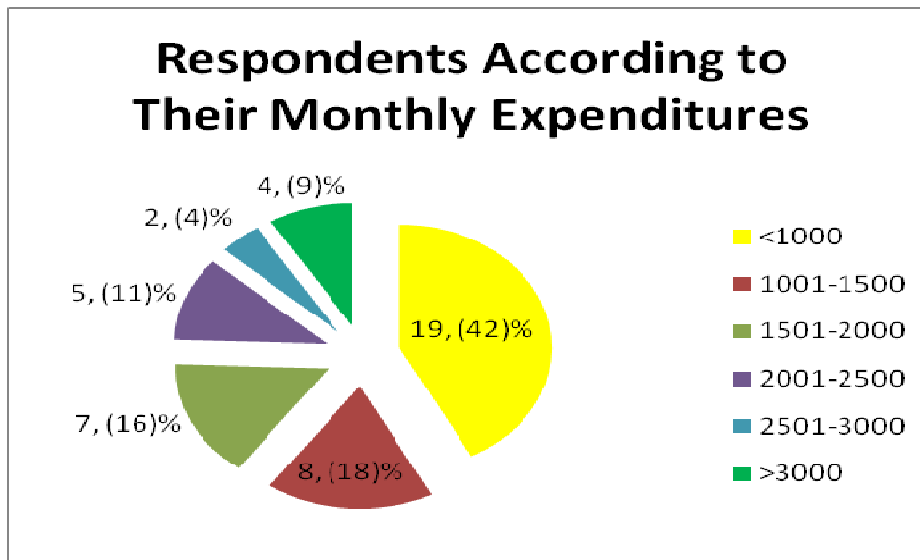
Source: Survey data, 2014

As can be seen in figures 1 above, the microfinance program in the sub city has been effective in terms of focusing on the poor as the policy's principle is pro-poor. Nearly sixty percent of the borrowers had an income less than 1500 ETB. 13 (29%) of respondents earn average monthly income between 1001-1500 ETB, 12(27%). There were very few respondents (8(18%) who earned average monthly income above 3000ETB, the mean monthly average income of the respondents was as low as 2002ETB.

#### **4.3.2 The Average Monthly Expenditure of Respondents**

The sample borrowers were also asked in the interview questioners to list down their average monthly expenditure. The response of respondents indicated in the Figure 2 below,

**Figure 2: Respondents According to Their Average Monthly Expenditure.**



Source: Survey data, 2014

Concerning average monthly expenditure of respondents, 19 (42)% of them reported that their average monthly expenditure was below 1000ETB , 8 (18%) of respondents said that their average monthly expenditure was in between 1001-1500ETB, 7 (16%) of the respondents replied that their average monthly expenditure was in the range of 1501-2000ETB , 5(11%) of the respondents reported that their monthly average expenditure was between 2001-2500ETB, 4 (9%) of sample respondents replied that their monthly average expenditure was more than 3000ETB, 2 (4%) of respondents answered that their average monthly income was between 2501-3000ETB . The mean average monthly expenditure of respondents was 1503ETB .This entails that the clients of AdCSI in KKSC are in income situation that can cover their expenditure and save certain amount of money monthly. However, it is very difficult to conclude that the income is gained from the loan advantage and it is also doubtful to say that the credit program is addressing the urban poor. The result also in line with the study framework and gives



positive answer to the research question: to what extent AdCSI help beneficiaries to generate income and own assets.

The mean for average monthly income and expenditure of respondents is shown the table below.

**Table 6: Mean for the Average Monthly Income and Expenditure of Respondents**

Description	Number of respondents	Minimum	Maximum	Mean
Average monthly income	45	600	5760	2002
Average monthly expenditure	45	480	4680	1503

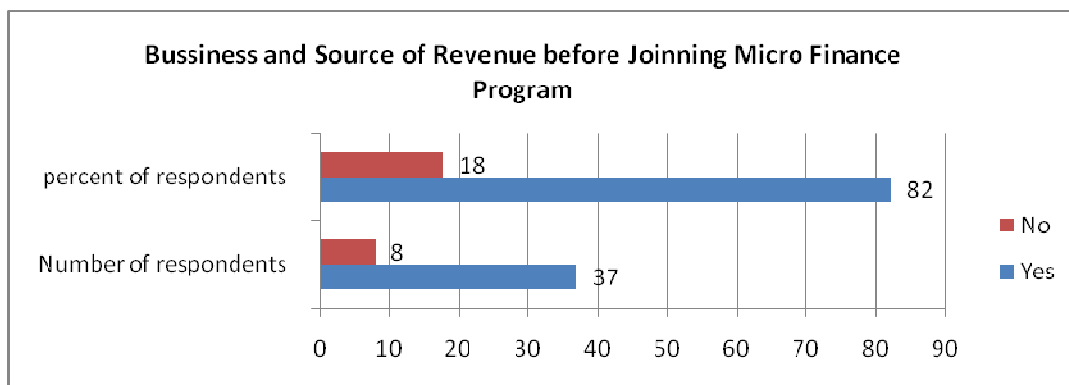
Source: Survey data, 2014

#### 4.4 Respondent’s Business and Source of Revenue before Joining MF Program

The respondents were also requested through interview questionnaire to provide information on whether they had any business and their own income source before joining the credit program.

The response of the respondents is depicted in the Figure 3 below.

**Figure3 Business and Source of Revenue of Respondents before Joining Micro Finance Program**



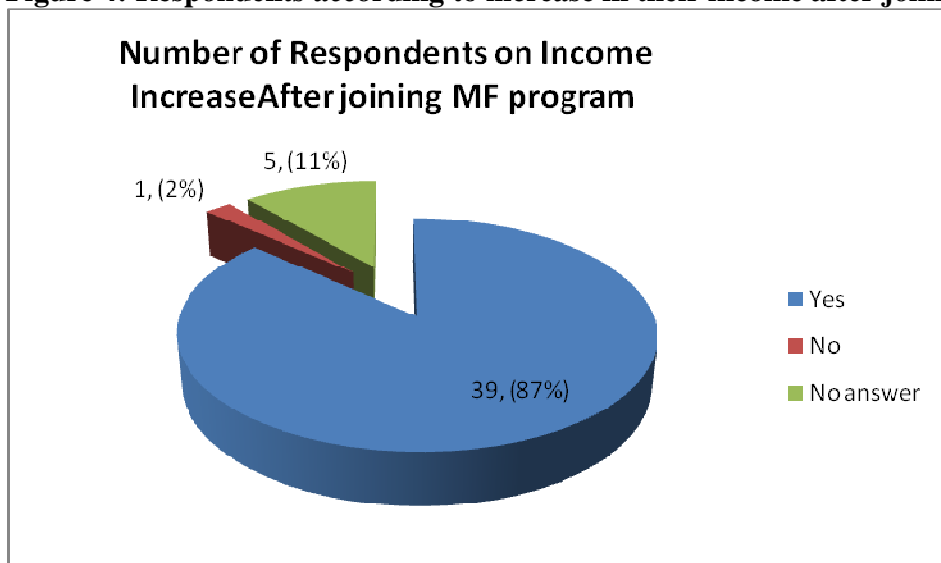
Source: Survey data, 2014

As indicated in the Figure 3 above, the majority 37(82%) of respondents had business and source of revenue before joining this microfinance program. The remaining 8(18%) of the respondents reported that they had no any business and source of revenue before joining the program. This result proves the idea that micro credit programs are not actually favoring the poorest of poor in

their services provision but they are serving more of active and productive poor people who have capability to repay loan with the interest. Therefore, it is very doubtful to conclude at this stage that AdCSI in KKSC is primarily reaching the targeted urban poorest since it needs further research.

The sample borrowers were also asked about the trend of their income after joining the credit program. As shown in Figure 4 below, 87% of sample borrowers reported that their monthly income had been increased after they joined the credit program and only one borrower reported that his monthly income had not been increased after joining the program and the remaining 11% of respondents gave no answer for the question.

**Figure 4: Respondents according to increase in their income after joining MF**



Source: Survey data, 2014

Most of respondents also explained that the reason for the increase in their income is due to strengthening and expanding of their business using loan borrowed from AdCSI. The result is in line with the study framework in that the microfinance increases income and women's empowerment and contributes to the poverty alleviation.

Therefore, it is possible to say that the borrowers participation in MF services is increasing their income trend if borrowed money is used to strengthen and/or expanded business and thereby contributes to the alleviation of poverty through sustaining income source and empowerment of respondents.

#### **4.5 Borrowers Ability to Pay Their Children’s School Fee before joining MF Program**

The sample respondents were asked to reply on their ability to pay their children’s school fee before joining credit program and their capacity to pay for their children’s quality of schooling after joining credit program. The table 7 below is showing the respondents ability to pay their children’s education fee before joining credit program and their capacity to pay for their children’s quality of schooling after joining credit program.

**Table 7: Change in Respondent’s Ability to Pay Education Fee before Joining the Credit Program**

Description		Number of respondents	Percentage of respondents
Were you able to pay your children’s education fee before involving in AdCSI credit program?	Yes	15	33.3
	No	8	17.8
	No Answer	22	48.9
	Total	45	100

*Source: Survey data, 2014*

As indicated in the table 7 above, 15(33.3%) of respondents were able to pay school fee, 8(17.8%) of respondents were not able to pay school fee and the large number 22 (48.9%) of respondents were not interested to give answer about their ability to pay school fee before joining AdCSI program. This implies that a significant number of respondents were able to pay their children’s education fee before joining the credit program because they had their own income sources before joining AdCSI credit program. The reason for the majority of respondents not to give answer for the question that asked their ability to pay to their children’s education fee

before involving in AdCSI credit program might be there were sample borrowers without having school aged child and the question may be irrelevant for them.

**Table 8: Change in Respondent’s Ability to Pay Education Fee after Joining the Credit Program**

Description		Number of respondents	Percentage of respondents
Your capacity to pay for your children’s quality of schooling after joining credit program?	Increase	22	48.9
	Decrease	2	4.4
	No change	21	46.7
	Total	45	100

*Source: Survey data, 2014*

However (see Table 8 above), after joining credit program, 22(48.9%) of respondents reported that their financial capacity increased to pay for their children’s quality of schooling and only 2(4.4%) of the respondents answered that their financial capacity to pay for their children’s quality of schooling was decreased. The remaining 21(46.7%) of the respondents were replied that there was no change in their financial capacity to pay for their children’s quality of schooling after joining credit program.

Although the capacity of about forty nine percent of respondents to pay for their children’s quality of schooling increased due to their involvement in AdCSI credit Program, more than forty six percent of the borrowers have not shown any change to meet their needs related to their children’s education after joining the microfinance program. The reason for not showing any change in their needs of children’s education after joining the microfinance program explained by them as they had no school aged children both before and after joining the program. It is therefore possible to conclude from response of only those respondents who have school aged children that financial capacity of borrowers increases to pay for their children’s quality of schooling after their engagement in microfinance program. The result also gives positive answer to the research question that to what extent AdCSI help beneficiaries to meet their needs?

#### 4.6 The Impact of Microfinance on Health Care and Quality of Food

In order to understand the role of AdCSI credit program on health care and quality of food, sample respondents were asked to explain about the differences (in terms of before and after joining the credit program) in affording to pay the medical expenses whenever they or their family members get sick and about the number of food items and quality of food consumed.

Their response is shown in the table 9 and 10 below.

**Table 9: Response of Respondents on Affording Health Care**

Description	Number of respondents	Percentage of respondents
How do you explain the differences (in terms of before and after joining the credit program) in affording to pay the medical expenses Whenever you or your family members get sick?		
Better before joining the credit Program	2	4.4
Better after joining the credit Program	43	95.6
Total	45	100

*Source: Survey data, 2014*

**Table 10: Response of Respondents on the Number of Food Items and Quality of Food**

Description	Number of respondents	Percentage of respondents
The number of food items and quality of food that you are consuming now has		
<ul style="list-style-type: none"> <li>• Improved</li> <li>• Worsened</li> <li>• No change</li> </ul>	34	75.6
	1	2.2
	10	22.2
Total	45	100

*Source: Survey data, 2014*

As shown in the table 9 & 10 above, the largest proportion 43(95.6%) of respondents explained that the differences (in terms of before and after joining the credit program) in affording to pay the medical expenses whenever they or their family members get sick is better after joining the credit program than before joining and only 2(4.4%) of respondents responded that their capacity in affording to pay the medical expenses were better before joining the credit program.

This result validates the study framework that microfinance programs have vital role to increase the living standard of poor people participating in the program and alleviating poverty. The research question “to what extent AdCSI helps beneficiaries to meet their needs?” is also confirmed affirmatively.

Regarding the number of food items and quality of food consumed by respondents before and after joining AdCSI credit program, majority of respondents 34(75.6%) explained that the number of food items and quality of food that they are consuming has been improved after joining the credit program. However, 10(22.2%) and 1(2.2%) of respondents reported that the number of food items and quality of food they are consuming after joining the credit program was not changed and worsened than before joining respectively.

These results imply that AdCSI's credit program improves the capacity of borrowers in affording to pay the medical expenses, the number of food items and quality of food consumed by them. The result also gives answer to the research question: to what extent AdCSI help beneficiaries to meet their basic needs? Therefore, it is possible to conclude that the credit program has vital role to improve the health situation of borrowers by increasing their capacity to pay for health services and improving the quality and quantity of food to be consumed by them.

#### 4.7 Ability to Buy Clothes Before and After Joining Credit Program

To understand the role of AdCSI credit program on the beneficiaries ability to buy cloths , the sample respondents were asked to explain their ability (in terms of before and after joining the program ) to buy clothes for themselves and their family. Table 11 below shows response of the borrowers on their ability to buy clothes.

**Table 11: Respondents According to Their Ability to Buy Clothes**

Description	Number of respondents	Percentage of respondents
How do you explain your ability to buy clothes for yourself and for your children in general?		
• better before joining the credit program	3	6.7
• better after joining the credit program	42	93.3
Total	45	100

*Source: Survey data, 2014*

As indicated in the table 11 above, the largest proportion 42(93.3%) of the respondents said that their ability to buy clothes for themselves and their family is better after joining than before joining the credit program and only 3(6.7%) of the respondents reported that their ability to buy clothes for themselves and their family was better before joining the credit program. The reason for the improvement in ability to buy clothes, was further explained by those respondents whose ability improved to buy clothes as to be the increase in their family income caused by strengthening their income generating activities using borrowed money from MF program. This result implies that AdCSI's microcredit program in KKSC plays the role to improve the ability of borrowers to buy clothes for themselves and their family. The result also gives answer to the research question: to what extent AdCSI help beneficiaries to meet their basic needs.

#### 4.8 Information Concerning the Asset of Respondent

Material assets which included physical and financial assets such as land, housing, livestock, saving and jewelry, enable people to withstand shocks and expand their horizon of choices (World Bank,2002:15). The value of assets of the borrowers is expected to have a positive impact on loan accessing ability of clients and repayment performance since the assets will be collateral and under liability in case of default. The response of sample borrowers on their asset situation before and after being engaged in AdCSI program is exhibited in the table 12 below.

**Table12: Respondents According to Their Asset**

Description	Number of respondents	Percentage of Respondents
Did you have fixed property before being engaged in AdCSI?		
Yes	22	48.9
No	23	51.1
No Answer	0	0
Total	45	100
Do you have fixed and movable asset after being engaged in AdCSI program?		
Yes	45	100
No	0	0
Total	45	100
What additional assets do you have after being engaged in AdCSI program?		
Owner of a house	7	16
Have money to pay the school fees of my children	24	53
Access of payment for health care for my family	23	51
Improve my food situation	14	31
The saving has increased	29	64

*Source: Survey data, 2014*

As indicated in table 12 above , 23(51.1%) of the respondents reported that they did not have fixed property before being engaged in AdCSI program and 21(48.9%) respondents replied that they had a fixed property before their involvement in AdCSI credit program. Even though the majority of borrowers had no fixed asset before joining the credit program, a significant number



of respondents confirmed that they had fixed assets such as table and chair, sofa, buffi, different kitchen utensils before they engaged in AdCSI credit program.

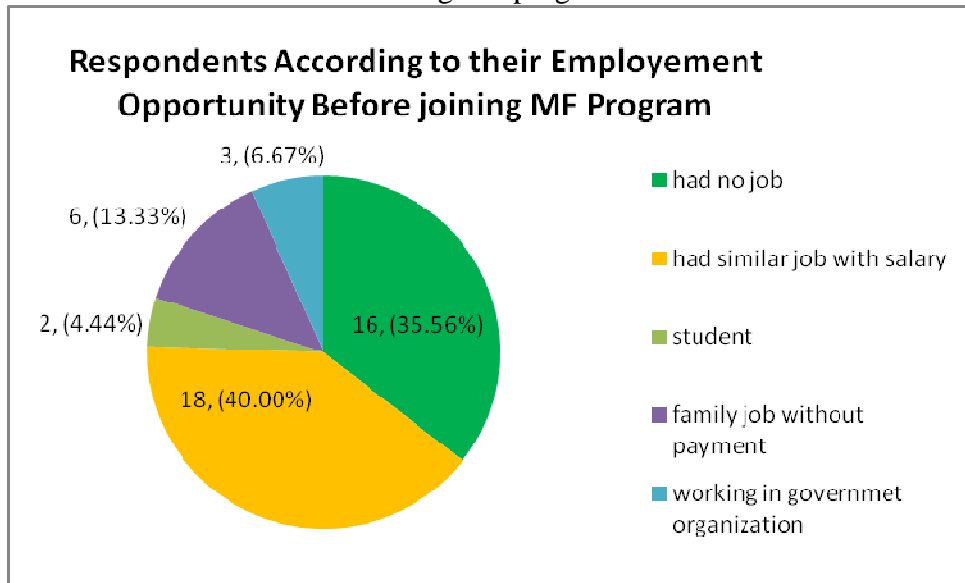
Moreover, the sampled respondents were asked whether they have fixed and movable asset or not after being engaged in the credit program. All of 45(100%) respondents reported that they have additional fixed and movable asset after being engaged in AdCSI credit program. About type of additional assets owned by respondents after joining the credit program, 7,24,23.14 and 29 of respondents reported that as they have house, money to pay the school fees for their children, access of payment for health care for their family and improved their food situation respectively. Fixed assets such as: house, as table and chair, sofa, buffi, different kitchen utensils can be used as a collator to access more credit from micro financial institutions while money can be used to pay school fee for children, to access health service and to improve food situation of the family and increase the saving and thereby to improve the living standard of the borrowers. This finding of the research has reaffirmed that AdCSI has impacted the life of the population it is targeted for positively. Many respondents have also witnessed that their state of asset holding and amount of credit they accessed from AdCSI have been improved vividly from time to time. This complies with the speculation of the study framework adopted for this research.

#### **4.9 Information Regarding Employment Opportunity of Respondents**

Unemployed productive age group people are vulnerable for urban poverty. Creation of employment opportunity for urban poverty susceptible people by availing microcredit for startup capital for micro scale projects acceptable by AdCSI is one of the objectives of its microfinance program. The sample borrowers in Kolfe Keranyo Sub City were asked to respond on their employment opportunity, before they started their current business, to know the extent of self-employment opportunity created by AdCSI microfinance credit program.

As indicated in the Figure 5 below, the large proportion 53% of respondents had no salary paid employment before joining AdCSI credit program and the remaining respondents said that they had similar jobs with salary and employment opportunity in government organizations. This finding asserts that the credit program of AdCSI is contributing to create employment opportunity to the large number of them by availing them microfinance services. If the employment opportunity created by accessing microfinance services from AdCSI is properly managed and being sustainable by borrowers, it will also contribute to the economic and social empowerment of borrowers by improving their income and decision making power through their continued participation in the microfinance program and their involvement in the business market. This finding is in line with the study framework speculated to analyze the research findings. The result is an encouraging to AdCSI to give more emphasis for those borrowers who have no employment opportunity since it is in line with the objectives of the institution and has positive impact on social and economic empowerment of its clients in particular, and poverty alleviation in general.

Figure 5 Respondents According to their Employment Opportunity before Joining MF program



Source: Survey data, 2014

The sample respondents were also asked to respond on whether they had worker in their business before joining microfinance service and number of workers currently working in their business to know the contribution of the credit program to create additional job opportunities to others. The respondent's reply is shown in the table 13 below.

**Table 13: Respondents Reply on Number of Employees in Their Business Before and After Joining MF program**

Description	Number of respondents	Percentage of respondents
1. Did you have employees before joining AdCSI credit program in your business?		
Yes	5	11.1
No	34	75.6
No answer	6	13.3
Total	45	100
2. How many employees (even family members employed) do you have in your business after joining AdCSI credit program?		
One	10	22.2
2-5	16	35.6
>5	13	28.9
none	6	13.3

Total	45	100
-------	----	-----

*Source: Survey data, 2014*

As shown in the table 13 above, only 5(11.1%) of the respondents said that they had employees before joining AdCSI credit program whereas 39 (86.7%) of respondents said that they have employed one up to five (including their family members) employees in their business after joining AdCSI credit program. Of the 39 respondents who had created employment opportunity to other 29 of them even said that they have employed more than one employee in their business after joining AdCSI credit program. Thus the role of AdCSI microfinance program to create employment opportunity to others by the borrowers in KKSC is very visible and positive.

This result also provides answer to the research question that to what extent AdCSI help beneficiaries to create employment opportunity?

#### **4.10. Women’s Empowerment**

Empowerment refers to increased well being, community development, self sufficiency and expansion of individual’s choice. The benefits of promoting women’s empowerment extend beyond the individual woman to her children, family, community and the nation subsequently. The sample borrowers of AdCSI in Kolfe keranyo sub city asked questions regarding decision making on credit mobilization, on schooling children and on procurement of food and clothing to evaluate the role of AdCSI’s credit program on women’s empowerment. The table 14 below illustrates questions and the response of respondents.

**Table 14: Questions and the Response of Respondents on decision making on Schooling Children and Procurement of Food and Clothing**

Description	Number of respondents	Percentage of Respondents
Who makes decisions within the household concerning issues such as sending children to school; buying food or clothes?		
Husband only	4	8.9
Mainly husband	2	4.4
Husband and wife	22	48.9
Mainly wife	9	20
Wife only	8	17.8
Total	45	100
Who decides on taking loans?		
Husband only	7	15.5
Mainly husband	4	8.9
Husband and wife	24	53.3
Mainly wife	1	2.2
Wife only	9	20
Total	45	100

*Source: Survey data, 2014*

As shown in the table 14 above, sample borrowers were asked to replay questions related with decisions within the household concerning issues such as sending children to school; buying food or clothes and they responded. Their respond shows that in 48.9% of borrower’s household decision making on schooling children and procurement of food and clothing was done by wife and husband together. The decision making on schooling children and procurement of food and clothing was monopolized by wife and husband in 17.8% and 8.9% of households respectively. The reason for this may attributed to the fact that some of respondent men and women are single or divorced. Wives have more decision making responsibility in 20% of households whereas husbands have more decision making responsibility in 8.9% of households in sending children to

school and procurement of food items to the family. Hence, from this it is possible to conclude that women have more responsibility for decision making on sending children to school and buying food or clothes. This result is also positive answer to the research question that does women's role translate into empower them? And it complies with speculations of the research framework.

Respondents were also asked to reply question on who is deciding on taking loans from microfinance institution. The majority 24(53.3) of the respondents replied that decision making on credit mobilization is done by husband and wife together. 9(20%) of respondents replied that decision on taking loans from microfinance institution have done by wife only. 7(15.6%) of respondents replied that decision on taking loans from microfinance institution have been done by husband only. Very few 4(8.9%) respondents replied that decision on loan taking have been done mainly by husband. Only one respondent replied that decision making on taking loans have been done mainly by wife.

Thus, women in the sample borrower's household have equal decision making power on taking loan from AdCSI in KKSC. This result is also tally with the research analysis framework and gives answer for the research question that does women's role as client of microfinance institution program translate into empower for them?

**Table 15: Decision Making on Utilization of Loans**

Description	Number of respondents	Percentage of Respondents
Who makes decisions on utilization of loans, what inputs to buy; and how to sell products?		
Husband only	7	15.6
Mainly husband	7	15.6
Husband and wife	18	40
Mainly wife	5	11.1
Wife only	8	17.8

Total	45	100
What do you do when you want to buy something for yourself or the household?		
You buy what you need because you have some money of your own	20	44.4
You always ask husband for money	3	6.7
You sometimes have money and sometimes ask husband	14	31.1
You buy after discussing with your partner	8	17.8
Total	45	100

*Source: Survey data, 2014*

As indicated in the table 15 above, respondents asked to reply on who makes decisions on utilization of loans, what inputs to buy; and how to sell products. The majority 18(40%) of respondents replied that husband and wife are together participating equally in making decisions on utilization of loans; what inputs to buy and how to sell products and 8(17.8%) of respondents replied that wife only making decision on utilization of loans; what inputs to buy and how to sell products. 7(15.6%) of respondents reported that husband only and 7(15.6%) of respondents reported that mainly husband as making decision on utilization of loans, what inputs to buy; and how to sell products. 8 (17.8%) and 5(11.1%) of respondents reported that wife only and mainly wife as making decision on utilization of loans, what inputs to buy; and how to sell products. This implies, therefore, that wife and husband are equally gave decisions on utilization of loans, what inputs to buy; and how to sell products in the households of sampled borrowers. This result fits with the research analysis framework and gives answer for the research question: does women's role as client of microfinance institution program translate into empower for them?

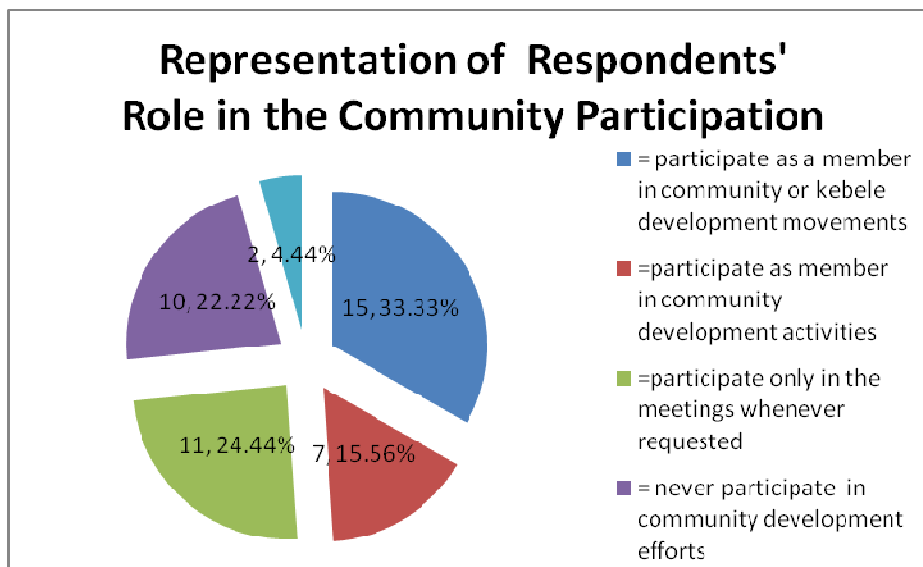
The sampled borrowers had been also asked about what to do when they want to buy something for themselves or the household. The largest proportion 20(44.4%) of respondent responded that they buy what they need because they have some money of their own and 14(31.1%) replied that they sometimes have money and sometimes ask husband. 8(17.8%) of respondents replied that

they buy after discussing with their partner and few 3(6.7%) respondents reply that they always ask husband for money. Therefore, the majority of the borrowers buy what they need because they have some money of their own.

This implies that having income empowers men and women by developing self confidence to decide to buy something they want for themselves and for the household without discussing it with their partners. This result is also fits with the research analysis framework and gives positive answer for the research question: does women’s role as client of microfinance institution program translate into empower for them?

The respondents were also asked to choose among given different choices that can represent their role in community participation to know their level of participation in the community. The Figure 6.below is pointed out the response of sampled borrowers on their role in the community participation.

**Figure 6: Representation of Respondents Role in the Community Participation**



Source: Survey



As figure 6 above shown, 77.8% of sample borrowers reported that they have participation role in different community development programs and 22.2% sample borrower reported that they have never participate in community development efforts. This indicates that the majority of the sample borrowers has role in the community development programs which helps them empowerment. This result also fits with the framework for the analysis and discussion of the findings of this study and provides positive answer for the research question: does women's role as client of microfinance institution program translate into empower for them?

The sample borrowers were asked questions to reply on: whether they believe that credit receiving has a role on their self confidence, whether their participation in MF program improved their decision making in their family, working area and in the community and whether there is improvement in their work experience since they start participation in MF program. The response of the borrowers for these questions is shown in the table 3.9 below.

**Table 16: Reply of Respondents on Work Experience, Credit Receiving Role on Self Confidence and the Role of Participation in MF Program to Improve Decision Making.**

Description	Number of Respondents	Percent of Respondents
Do you believe that credit receiving have role on your self confidence?		
Yes	37	82.2
No	6	13.3
Missed value	2	4.4
Total	45	100
Does your participation in MFI improve your decision making in family, working area and community?		
Yes	29	64.4
No	9	20
Missed value	7	15.6
Total	45	100
Is there improvement in your work experience since you start participation in MFI?		
Yes	33	73.3

No	12	26.7
Total	45	100

*Source: Survey data, 2014*

As shown in the table 16 above, the majority 37(82.2%) of the borrowers believed that credit receiving have role on their self confidence, few 6 (13.3%) of borrowers does not believe that credit receiving has role on their self confidence and two borrowers did not give their response to this question.

This indicates that the majority of borrowers confirmed that credit receiving perceived as having a role to build self confidence of borrowers. This result fits with frame work designed to analyze and discuss the findings of this research and gives also positive answer for the specific research question that do you believe that credit receiving have role on your self confidence?

Concerning improvement of borrower's decision making in family, working area and community due to their participation in MF program, the majority 29(64.6) of the borrowers reported that their participation in MF program had improved their decision making in the family, working area and in the community. Few 9(20%) of the borrowers replied that their participation in MF program had not improved their decision making and 7(15.6%) of the borrowers refused to answer this question. The result indicated that most of the borrowers are aware of the impact of their participation in MF program on their decision making in family, working area and community. This awareness of borrowers on role of MF program on their decision making in the family, working area and community helps them to strengthen their relationship with the MFI and to develop self confidence on the MF program.

More than seventy three percent of borrowers said that their participation in MF program has improved their work experience since they started participation. However, there are few

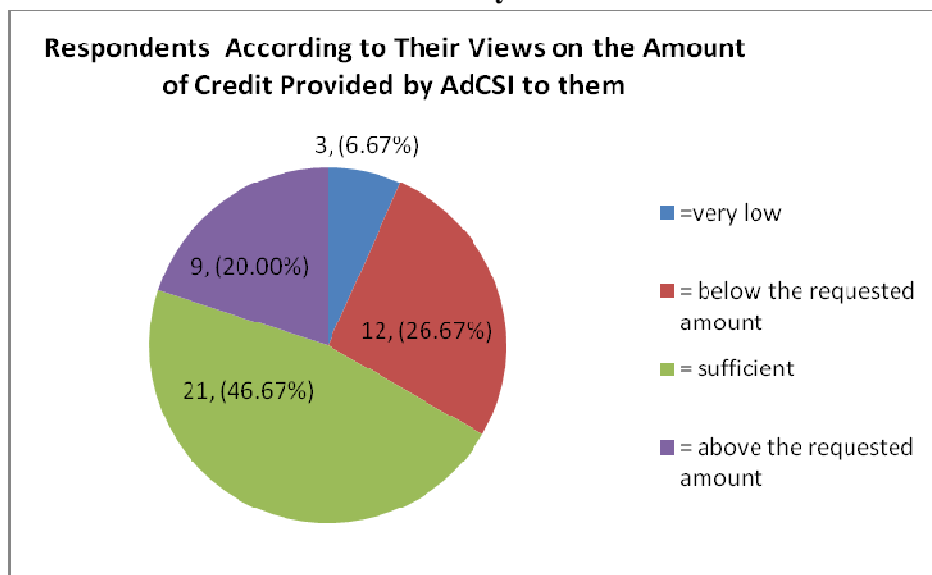
borrowers who couldn't score improvement in their work experience since they started participation in the MF program. The reason for not scoring improvement in the work experience of these few respondents might be the use of loan for consumption activities than business activities by these respondents.

This indicates that participation of borrowers in AdCSI MF program has a positive role in building their self confidence, in improving their decision making power in their family, working area and the community and improving their work experience . Microfinance program contributes to the work experiences of borrowers if borrowed loan utilized to establish or scale up job opportunity creation business. The result complies with research frame work designed to analyze and discuss the findings of this research and gives also positive answer to the specific research question that is there improvement in your work experience since you start participation in MFI?

#### **4.11 Information Concerning Credit Mobilization and Utilization**

Information on credit mobilization and utilization was collected from sample borrowers through interview questionnaires to identify the Challenge or constraints faced by borrowers in getting and utilization of the credit from AdCSI. Figure 7 below shows the respondents according to their views on the amount of credit provided by AdCSI to them.

**Figure 7 Respondents According to Their Views on the Amount of Credit Provided by AdCSI**



*Source: Survey data, 2014*

As it is depicted in the Figure 7 above, of the total 45 sample borrowers 21(46.67%) were responded that amount of credit provided by AdCSI is sufficient to their intended activities, 12(26%) of borrowers reported that the amount of credit provided to them is below their requested amount , 9(20%) of them said that the credit provided by the institution is above the required amount and few 3(6.67%) of borrowers reported that the amount of credit provided to them is very low compared to their requests .

Although this result indicated that the amount of credit provided to the majority of borrowers is sufficient to their intended activities it is at the same time not exactly equivalent to most respondent’s needs. This is one of the challenges of the clients of the AdCSI to utilize their borrowed money for intended activities and it may push them to use it for other unintended activities. Therefore the institution has to consider providing amount of credit that is sufficient to undertake planned activities of borrowers so as to encourage urban poor people to invest

effectively their borrowed fund. This result also fits with the analysis and discussion framework and identifies one of the challenges faced by the clients of AdCSI in KKSC in getting and utilization of loan from AdCSI in KKSC of Addis Ababa. The result also provides answer to the research question; what constraints/challenges do clients of AdCSI in KKSC are facing in getting and utilization of credit?

The sample borrowers of AdCSI were asked their reasons to take a loan from the institution and the mainly purpose their first loan used for . The responds of sample borrowers is shown in the table 17 below.

**Table 17: Responds of the Borrowers on their Reason to Take Loan and the Utilization of the Loan**

Description	Number of respondents	Percent of respondents
<b>What is your reason to take a loan?</b>		
To open new business	19	42.2
To expand my business	17	37.8
To change my income generating business	2	4.4
To solve the serious problem of my lack of money	7	15.6
<b>What was your first loan mainly used for?</b>		
To start new micro business	33	73.3%
To start garment business	2	4.4%
For construction of house	4	8.9%
To buy Workshop tools	3	6.7%
Missing	3	6.7%

*Source: Survey data, 2014*

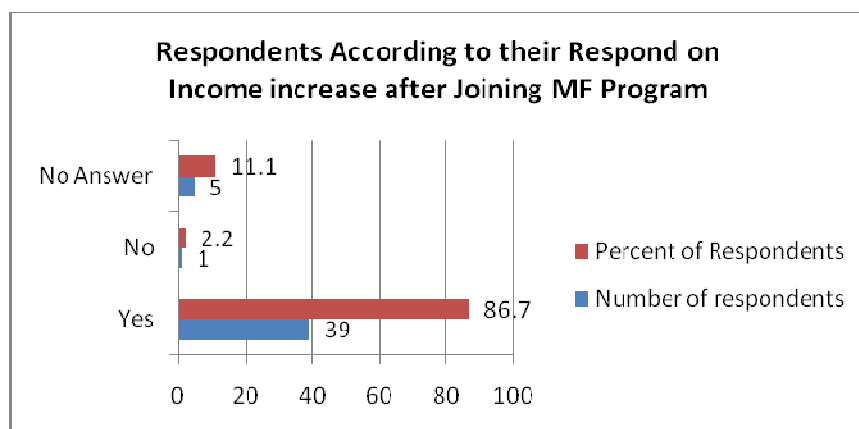
In table 17 above it is shown that the majority 36 (80%) of borrowers' reason to take loan was to open their own new business and to expand already established business. 7(15.6%) of the borrowers reported that their reason to take loan was to solve their serious shortage of money and few 2(4.4%) of them said that their reason to borrow was to change their income generating business.

Regarding the use of their first loan, the majority 35(77.7%) of borrowers replied that they used their first loan to start new micro business and garment business and 4 (8.9%) of the borrowers said that they used their first borrowed money for construction of house. Few 3(6.7%) of the borrowers reported that they used their first borrowed money to buy workshop tools and 3 borrowers refused to give response for this question.

This researcher disclosed that although most of the respondents had used their first loan to start new business, as they intended to do before borrowing money, few of them had used borrowed money for unintended activities. Therefore, the monitoring and supervision of activities by AdCSI should be strengthened to support the use of money by borrowers for activities planned before borrowing.

The respondents were asked to give answer on the trend of their income after joining microfinance program. Over 87% respondent said that the trend of their income after joining microfinance program is positive. This is because microfinance services have positive impact on the income of the borrowers due to either borrowed money itself or increase in the income of borrowers caused by investment return of borrowed money, The respond of respondents on the trend of their income after joining the credit program is shown in figure 3.8 below

**Figure 8: Respondents According to their Respond on Income Increase after Joining MF Program**



*Source: Survey data, 2014*

Respondents were asked to reply on the lending system that they are using and whether they ever paid defaulter’s penalty to the group. Their reply is shown in the table 18 below.

**Table 18: Respondents According to Their Lending System Used and Defaulter’s Penalty Paid**

Description	Number of respondents	Percentage of respondents
Are you borrowed by		
Individual	15	33.33
Group	30	66.67
Total	45	100
If you borrowed by a group have you ever paid Defaulter’s penalty?		
Yes	11	24.4
No	6	13.3
No answer	4	8.9

*Source: Survey data, 2014*

As indicated in the above table, 66.67% of the respondents reported that they borrowed in a group and the remaining 33.33% of them said that they borrowed individually. 24.4% of the total respondents reported that they borrowed by a group and had experience of paying defaulter’s

penalty whereas 13.3% of the total respondents said that they borrowed by a group and have never paid defaulter's penalty .

This finding reveals that the group borrowing which does not require individual collateral for borrowers, is more applicable than individual borrowing and the large proportion of the group borrowers had experience of paying defaulter's penalty in Kolfe Keranyo sub-city of Addis Ababa.

The sample respondents were also asked to reply on as to whom formed their group and whether they think that the criteria by which they were being allowed to get access to credit services were suitable. The table 19 below is showing the reply of sample respondents on as to whom formed their group and their opinion on the suitability of the criteria by which they were being allowed to get access to credit services.

**Table 19: Respondents According to their Group Established by and Opinion on the Suitability of Credit Criteria**

Description	Number of respondents	Percentage of respondents
Who formed your group?		
Kebele administration	7	15.5
Directly, I asked other group members to join me, and they agreed	4	8.9
Previous group members asked me to join them and I agreed	3	6.7
Addis Credit and Saving Institution staff helped me to join the group	1	2.2
Do you think that the criteria by which you are being allowed to get access to credit services are suitable?		
Yes	27	60
No	14	31.1
No Answer	3	6.7

*Source: Survey data, 2014*



As mentioned in the table 19 above, 7(15.5%) of the sample respondents replied that their group had been formed by Kebele administration and the majority of respondents agreed with the suitability of criteria by which they were being allowed to get access to the credit. Only one respondent reported to be assisted by Addis Credit and Saving Institution staff to join the group. This research, therefore, identified that the Kebele administration have significant role in micro credit group formation and the majority of the sample respondents are comfortable with the criteria by which they were allowed to get access to credit services. However, the role of Kebele Administration in group formation may have negative impact in the beneficiary selection process by considering political position of the poor. Therefore, the role of Kebele Administration in group formation should be reduced to give equal opportunity for all participants without considering their political position.

The sample respondents were also asked to reply on: whether they paid interest for the loan they borrowed, to give their opinion on the interest rate and whether the time provided by AdCSI to the borrowers to repay the loan is sufficient. The table 3.20 below indicates the reply of sample respondents on whether they paid interest for the loan they borrowed, their opinion on the interest rate and whether the time provided by AdCSI to the borrowers to repay the loan is adequate.

**Table 20: Respondents According to Their Interest Payment, Interest Rate and Time Given to Repay Credit.**

Description	Number of respondents	Percentage of respondents
Did you pay interest for the loan?		
Yes	44	97.8
No	1	2.2
Total	45	100
What is your opinion about the interest rate?		
High	12	26.7
Low	3	6.7

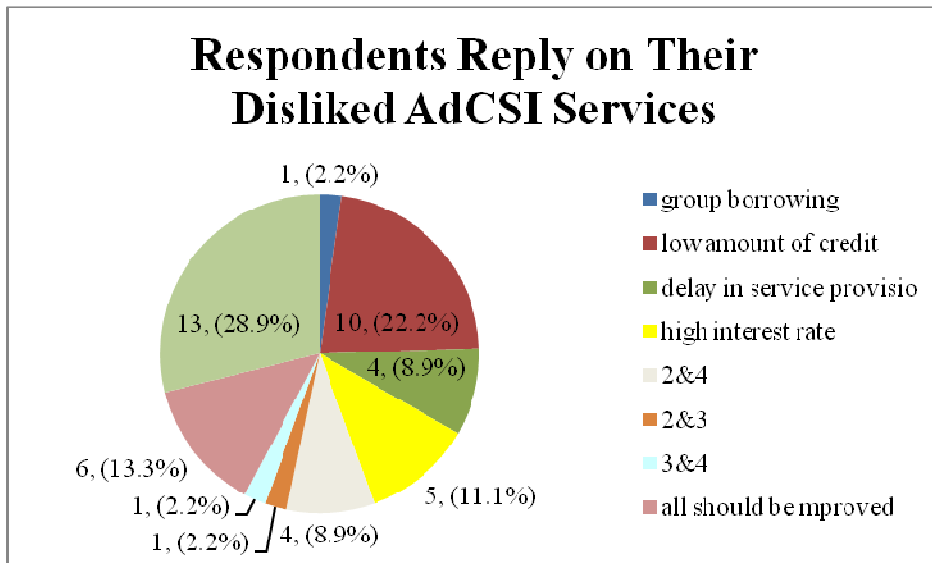
Reasonable	30	66.7
Total	45	100
Does Addis Credit and Saving Institution give enough time to repay the loan?		
Yes	32	71.1
No	12	26.7
Missed value	1	2.2
Total	45	100

*Source: Survey data, 2014*

As indicated in table 20 above, (97.8% ) of respondents reported that they were paying interest for the loan and 66.7% of the respondents reported that the interest rate for AdCSI credit is reasonable and 71.1% of respondents are comfortable with time provided to the borrowers to pay credit. Although the majority of the borrowers reported to pay interest for loan and are comfortable with time to repay the loan and the interest rate there are also complaints on time given to pay the loan and interest rate of credit by significant number of borrowers. The results may help the institution to review the complaint areas and to strengthen more its strong and accepted sides by its borrowers.

Sample respondents were also asked to state on what they disliked on credit services provided by AdCSI. The Figure 9 below is showing the reply of respondents on their disliked AdCSI's credit services.

**Figure 9: Respondents Reply on Their Disliked AdCSI's Services**



*Source: Survey data, 2014*

As depicted in the figure 9 above, 10(22.2), 5(11.1%) and 4(8.9%), of the respondents reported that they disliked low amount of credit, high interest rate and delay in service provision respectively. 6(13.3%) of respondents reported that they dislike all services and requested improvement in all services provided by the institution. 4(8.9%), 1(2.2%), 1(2.2%) and 1(2.2%) of respondents said that they disliked low amount of credit & high interest rate, group borrowing, delay in service provision & high interest rate and low amount of credit and delay in service provision respectively. This result indicates that although low amount of credit was disliked more by the majority of the respondents, all services provided by the institution are commented to be improved further. Thus, the institution may use these result to review the satisfaction level of clients on each services and revise its program.

The respondents were also asked to give their opinion about training, follow up and supervision provided by AdCSI to the borrowers, to clarify whether they had got any formal training that

helped them to undertake the business they have involved in and to indicate the main constraints/ challenges to use the credit.

**Table 21: The Reply of Respondents on Training, Follow up and Supervision and Main Challenges to Use the Credit**

Description	Number of respondents	Percentage of respondents
What is your opinion about training, follow up and supervision provided by the office?		
Low	24	53.3
Good	14	31.1
Very good	6	13.3
Total	44	97.8
Missing value	1	2.2
Did you get any formal training that helped you to undertake the kind of business you are involved in?		
Yes	17	37.8
No	24	53.3
No Answer	4	8.9
Total	45	100
What are the main constraints/ challenges to use the credit?		
High interest rate for loan	18	40
Shorter repayment period	2	4.4
Low interest rate for saving	2	4.4
Low amount of credit	13	28.9
Short credit paying period and low amount of credit	6	13.3
All of the above	4	8.9
Total	45	100

*Source: Survey data, 2014*

As indicated in the above table, large proportion of respondents said that training, follow up and supervision provided by AdCSI to the borrowers is low and suggested that this non-financial service to be provided repeatedly to update and refresh them . Significant proportion of the sample borrowers said that training , follow up and supervision provided by AdCSI is good and they suggested that it should be strengthened. Few of sample borrowers reported that training, follow up and supervision provided to them is very good and suggest to be continues. The large proportion of sample respondents explained that they have not got any formal training that aimed

to help them to undertake the kind of business they were involved in. There are also significant proportions of respondents who said that have got formal training that could help them to carry out the kind of business they are involved in. Regarding the main constraints/challenges to access credit from AdCSI, high interest rate for credit, short credit payment period, low amount of credit and low interest rate for savings according to the large number of the borrowers blaming on them as a constraints or challenges.

## **Chapter Five: Discussion and Conclusions**

This chapter is dealt with summarizing of the findings and concluding the research based on the findings.

### **5.1 Discussion**

This study had the objective to assess the role of microfinance institution on poverty alleviation and women's empowerment, focusing on a case study on AdCSI's KKSC branch. It attempted to find out the role of microfinance services provided by AdCSI on its beneficiaries. The primary and secondary data collected, presented, analyzed and discussed based on the research questions and study frame work designed to analyze collected data.

The findings show a sensible insight on the role of microfinance practice in urban poverty alleviation and women's empowerment. The findings of the study, in relation to the key research questions, are summarized as follow.

The finding on the socio-demographic characteristics of respondents shows that except a very slight difference both sexes were equally benefited from the program. Improvement in the participation of women is observed from the findings of this study compared to the findings of the previous study conducted by Getaneh in 2010. The result of study on the age

category of respondents confirmed that ninety three percent of sample borrowers are in the productive age group and high majority of them performed from secondary school to first degree, academically. The majority of respondents is also married and has family members.

Increasing or decreasing in the level of income may have an implication on the living standard of individuals. Even though, the large proportion of clients had income source and their own business before joining the credit program, almost all of the AdCSI clients showed significant improvement in generating income and owning assets after joining the program. However , it is very doubtful to conclude this increment is only resulted from participation in the microcredit program. This needs further study.

AdCSI provides financial services mainly with group and to a certain extent for individual borrowers. But, the individuals lending require strong collateral. This might discourage the poorest who have no collateral to borrow from AdCSI credit program.

Increasing income through participation in microfinance programs inevitably will lead to better nutrition and health for individuals. Evidences in this study show that the majority of AdCSI clients in Kolfe Keranyo sub city are able to pay their medical expenses and they improved the quality of food consumed by them and they were in income position to buy clothes for themselves and their families. However, most of the clients were not able to afford fees for quality education for their children.

It has been noted that in many countries of the world, microfinance programs provide access to small amount of startup capital for entrepreneurial projects which will then presumably help individuals to create employment opportunity. Similarly, AdCSI clients created job opportunity for themselves, their family and others.

Microfinance involves in providing credit and saving facilities to the poor, thereby improves the living standard of the borrowers and reduces poverty. Group targeting and client selection mechanisms should gear towards addressing the poor. However, the information gathered from respondents in Kolfe Keranyo sub city shows that the poor tend to be ignored during group formation by offering different criteria.

Financial and non financial services are primarily expected to be effective in poverty alleviation. However, investigation in this study shows that there is lack of the provision of non-financial service such as training on business planning and education to develop the awareness of borrowers towards the use of their loans in their small scale and micro business.

Microfinance services are intended to reduce poverty through enabling the urban poor to be active participants in income generating activities. However, the borrowers in Kolfe Keranyo sub city mentioned some of challenges and constraints they faced in service provision and the utilization of credit. Like short repayment period, high interest rate on loan, small amount of loan provided, low interest rate on saving, and group lending system were explained as challenging areas in service provision and credit utilization process .

In order to reduce poverty, women who suffer the most must be empowered because poverty alleviation strategies that focus on empowering women not only improves the lives of women but also positively affects the entire family and community. Even though, AdCSI gives priority in principle to women clients on the provision of financial services as indicated in its organizational objectives, in practice the institution is providing this service for both male and female using the same selection and borrowing criteria in the sub-city.

## 5.2 CONCLUSIONS

In this chapter, key findings of study have been discussed. The goal of this research was to study the role of microfinance on urban poverty alleviation and women's empowerment. To this end the research has attempted to investigate facts that will help to know first, to what extent AdCSI schemes help beneficiaries to create employment opportunities, to generate income, to own assets and meet their basic needs; second, whether women's role as clients of microfinance program translate into empowerment for them and third, the challenges faced by borrowers in accessing and utilizing loan borrowed from AdCSI branch in kolfe Keranyo sub-city.

The beneficiary selection in terms of age and education was the strong side of the microfinance credit program that aligns with the microfinance institution's policy principles. But the emphasize given to women to involve in the program was less than expected is a weakness that has to be improved. The low attention given to the elderly and the inactive poor both by the policy of the microfinance institution and the implementation is a concern that has to be look into the future.

The benefits of participation in the microfinance program are proved in this research to be improvement in income, expenditure, consumption, saving, employment and empowerment.

In terms of extents of benefits gained by the borrowers:

- The income of the borrowers increased to the extent that it exceeds expenditure and their saving improved,
- The expenditure of beneficiaries improved to cover the cost of consumption, food, health, education and other expenses,
- Participation in the microfinance program created employment opportunity beyond the participants to their Family and other members of the community,



- The beneficiaries were voiceless in their own life before their participation in the microfinance program. But after their involvement in the microfinance program they have major role in decision making beyond their life to their family's and the community.

Does women empowered? Yes they empowered by active decision making in sending their children to school, in the procurement of food for family consumption and buying clothes and by making independent decision on minor procurements. Their participation in different community program at different levels has empowered them on making decision on the community issues.

The research has also identified the following challenges faced by borrowers in accessing and utilization of loan. In the selection and group formation process the poorest and the inactive population groups were excluded. The poorest were excluded in individual borrowing that require collateral which is impossible for them to have. Amount of loan is low compared to their request for startup capital or to expend and strengthen their existing micro and small scale business. The rate of interest on compulsory saving is very low compared to the interest rate on credit. Even though follow up and assistance is the strong side of AdCSI micro credit program but still there are complaints on it by clients. There is no affirmative action for women in the selection and group formation process to able them gain better benefits than men.

### **Areas for Further Research**

As mentioned earlier, the success or failure of participants in MFI program depends on various internal and external factors that will affect the smooth functioning of the program and participants. As a result of many inhibiting factors, this study, from its commencement, was made to assess only the role of microfinance institution on poverty alleviation and women's

empowerment. External factors that can affect the impact of the program were excluded intentionally. Thus, in order to have a better and comprehensive picture on the role of the program on urban poverty alleviation and women's empowerment , deeper research has to be conducted.

## Bibliography and References

- A Minimum Income Standard for Britain Bradshaw, J., Middleton, S., Davis, A., Oldfield, N., Smith, N., Cusworth, L., Williams, J (2008), Joseph Rowntree Foundation, [www.minimumincomestandard.org/](http://www.minimumincomestandard.org/).
- Addis Credit and Saving Institution (2009), *Profile of Addis Credit and Saving Institution S.C:* Unpublished Material of Organizational Report.
- Akinsanmi A (2005). 'Working under Constraint: Women, Poverty and Productivity: Amha, W. (2003). *Microfinance in Ethiopia. Performance, Challenges and Role in Poverty alleviation* : AEMFI Occasional Paper No 7. Addis Ababa, Ethiopia.
- Belay Asefa (2001). Best practices in Microfinance: Lessons to Ethiopia. A paper presented on International workshop on microfinance, Mekelle 007 *Afr. J. Agric. Econ. Rural Dev. University Ethiopia. No.14, p-22-26.*
- Borchgrevink A, Tassew Woldehanna, Gebrehiwot Ageba, Woldeab Teshome (2005). *Marginalized* 26- pp,87-82.
- Central Statistical Agency (CSA) (2007). Statistical Abstract of Ethiopia. Addis Ababa, Ethiopia. Issue No enterprises: an effective weapon for poverty alleviation." included in Birritu No. 95, *quarterly bulletin of National Bank of Ethiopia*, Nov.2005-Jun. 2006. *Ethiopia*; Occasional Paper No. 14, Addis Ababa, Ethiopia. pp.42-47
- Cheston, S., and L. Kuhn (2002) Empowering women through microfinance. *In: S. Daley-Harris, comp. & ed. Pathways out of poverty: Innovations in microfinance for the poorest families*, pp. 167-228. Bloomfield, CT, USA: Kumarian Press.
- CIDA and Microfinance: A Poverty Reduction Approach, Policy Branch, October 2002 <http://www.poverties.org/absolute-poverty.html#sthash.mhnAy8Sc.dpuf> <Accessed on September 30, 2014>
- CSA (2008) *Population and Housing Census of Ethiopia: Result at Country Level, Volume II, Analytical Report Urban and Ruler Population Size*, Addis Ababa.
- CSA (2011) *Ethiopia Demographic and Health Survey 2011*, Addis Ababa, Ethiopia and Calverton, Maryland, USA: Central Statistical Agency and ICF International
- David .p and Ephrem .W/Y. (2009). *Ethiopian Microfinance Institutions Performance Report: Bulletin No 5*, AEMFI, Addis Ababa, Ethiopia.

- Degefe Duressa (2009). *Microfinance in Ethiopia Elixir and Poison?* A Thesis, Shaker Publishing BV. Netherlands. Discussion paper no 4 pp.33-34.
- Fisher, T. and M.S. Sriram (2002). *Beyond Micro-Credit: Putting Development Back into Microfinance*, Vistar Publications: New Delhi.
- Experiences of Awassa Women Clients*. A paper presented in the International Conference on Microfinance Development in Ethiopia held at Awassa, Ethiopia. no 2 Pp.32.
- Gebrehiwot Ageba, Wolday Amha (2001). *Micro and Small Enterprises (MSE) development in Ethiopia:*
- Getahun T. (1999) Poverty and Poverty Reduction in Ethiopia: In Aspects of Development Issues in Ethiopia Proceedings of Workshop on the Twenty-Fifth Anniversary of the Institute of Development Research in Tegegne G. et al. (ed), Institute of Development Research Addis Ababa University: Addis Ababa, Ethiopia
- Getaneh Gobezie (2010). *Empowerment of Women in Rural Ethiopia*. J. Hum. Secur. 205, 23:23-38.
- Goetz AM, Sen Gupta R (1996). Who Takes the Credit? Gender, Power, and Control over Loan Use in Rural Credit Programs in Bangladesh. *World Development* 24, 1: 45-63. groups, Credit and Empowerment: The case of Dedebit Credit and Saving Institution (DECSI) of Tigray,
- Goetz, A.M., and R. Sen Gupta. (1996). Who takes credit? Gender, power, and control over loan use in rural credit program in Bangladesh. *World development* 24(1): 45-64
- Haimanot Eshetu (2007). *Impact of Micro-finance on Women's Economic Empowerment, A Case-Study of Amhara Credit and Saving Institution (ACSI)*, Kobo Woreda, Amhara National Regional State, Ethiopia.
- Holcombe S. (1995) *Managing to Empower: The Grameen Bank Experience of Poverty Alleviation*. University Press Limited, Dhaka and ZED Books: London
- Hulme D (2000) "Impact Assessment Methodologies for Micro Finance: Theory, Experience and Better practice". *World Development*. Vol.28, No.1, pp79-98.
- Hulme D. and Mosley P. (1996) *Finance against Poverty: Effective Institutions for Lending to Small Farmers and Micro-enterprises in Developing Countries*: Rutledge press, London.

Indexmundi(2013)[http://www.indexmundi.com/ethiopia/economy\\_overview.html](http://www.indexmundi.com/ethiopia/economy_overview.html) downloaded on April 29, 2014 Institutional and Financial Perspective, Washington, D.C.

Jean-Luc C (2006). "Micro and Small Enterprises and Micro finance in Africa, the support to dynamic

John Weiss (2005). *Poverty Targeting in Asia*: Edward Elgar. USA. Johnson, S. and Rogaly, B. (1997). *Microfinance and Poverty Reduction*: Oxfam, UK.

Krishnaraj M, Kay T (2002). *Report of review of IFAD gender mainstreaming projects in Asia*, unpublished

Ledgerwood, J. (1999) Sustainable Banking with the Poor: Micro finance hand Book, An

Mayoux, L., and M. Hartl (2009) *Gender and rural microfinance: Reaching and empowering*

Meehan F. (1999) Microfinance in Rural Development: The Impact of Credit Provision by the Dedit Savings and Credit Institution on Economic Activity and Household Income in Tigray M.Sc. Thesis: Ethiopia.

MoFED (2006) Ethiopia: Building on Progress: *A Plan for Accelerated and Sustained Development of End Poverty (PASDEP)*, 2005/6-2009/10, Addis Ababa.

MoFED (2009/10) Ethiopia: *Five Year Performance Report*: Presented to House of Peoples Representatives, Addis Ababa.

Moser, C.N. (1998) '*The Asset Vulnerability Framework: Reassessing Urban Poverty alleviation Strategies*', *World Development* 26(1): 1-19.

Murdoch, J. and B.Haley (2002). *Analysis of the Efforts of Microfinance on Poverty alleviation* : Nyu Wagner Working paper No. 1014.

Okurut Francis Nathan, Banga Margaret, and Mukungu Ashie (2004) *Microfinance and Poverty alleviation in Uganda: Achievements and Challenges*, Research Series No.41, Economic Policy Research Centre, Kampala, Uganda. Research Observer. Vol.9, No. 1

Oyunjargal T, Nyamaa T (2002). *UNDP Mongolia Sub-Sector Review of Micro-finance in Mongolia*.

Padma M, Getachew Ayele (2004). *Women Economic Empowerment and microfinance: A review on*

Padma M, Swamy PG (2003). *Empowerment of Rural Women – A Baseline Study of Awassa Zuria Woreda*

Pitt M, Khandker S (2003). *Credit Programs for the Poor and the Health Status of Children in Rural Bangladesh*: International Economic Review, 44.1: 87-118.

Saranghi, Niranjana (2007). “*Microfinance and the Rural Poor: Impact Assessment Based on Fieldwork in Madhya Pradesh, India*”, Paper Presented in Conference on Sustainable Development & Livelihoods, Delhi School of Economics, Delhi, 6-8 February.

Seifu Ali (2002). *The Demand for Micro Credit Services in the Afar National Regional State*.

Sharma, Puspa Raj (2007). “*Micro-finance and Women Empowerment*”. J. Nepalese. Bus. Stud. 4,

Todaro M.P. (1997) Economic Development, 6th (edn.). Third Impression: New York United Nations, 1995. Report of the World Summit for Social Development [online] Available at <<http://www.un.org/documents/ga/conf166/aconf166-9.htm>> [Accessed on 30 September, 2014]

UN- HABITAT (2007) *Situation Analysis of Informal Settlements in Addis Ababa*: Nairobi.

UNCHS (2000) *Poverty alleviation and the Development of a Sustainable Living Environment in Addis Ababa*: Study to be presented to Addis Ababa Working Team for the City Consultation on Urban Poverty, Addis Ababa.

UNDP(2013) *Human Development Report*, Accessed from [http://www.undp.org/content/undp/en/home/librarypage/hdr/human-development\\_report-2013/](http://www.undp.org/content/undp/en/home/librarypage/hdr/human-development_report-2013/) on 9/10/2014

Vigenina, D. and Kritikos, A. (2004). *The Individual Micro Lending Contract, It is a Better Design and Joint Liability*: Evidence from Georgia, Economic System Vol (28):PP. 155-176.

<http://www.worldbank.org/en/country/ethiopia/overview> accessed on 02/10/2014

Wolday Amha (2007). *Managing Growth of Microfinance Institutions (MFIs): Balancing Sustainability and Reaching Large Number of Clients in Ethiopia*. Occasional Paper No. 18.

*women – a guide for practitioners*. IFAD report. Rome: International Fund for Agricultural Development.

*Women and Environments International* 66, 67: 17-18.

World Bank (2006). *The World Bank and Urban Development*. Edward Ramsany: Rotledge USA and Canada.

World Bank (2002). *Empowerment and Poverty alleviation: A Source Book*, the International Bank for Reconstruction and Development: Washington.

World Bank (2009). *Bangladesh: Microfinance and Financial Sector Diagnostic study: Final Report*, Washington DC.

Yaron J. (1997) "What makes rural finance institutions successful?"The World Bank

Zaid Negash and et al. (2002). *Microfinance Theory Policy and Experience*: Mekelle, Ethiopia.

## Appendix 1

### Questionnaire to Be Filled Up By Clients of Addis Credit and Saving Institution

Dear Respondents,

This questionnaire is prepared by Rahmeto Juhar , a student of master of social work in Indihar Gandhi University. Its objective is to assess “the role of microfinance institution in urban poverty alleviation” in Kolfe Keranyo Sub city of Addis Ababa. The information you provide is totally required for academic reasons and shall be kept strictly secret and confidential. Please feel free to provide your experiences concerning the microfinance services.

Thank you in advance for your kind cooperation.

Yours,

Rahmeto Juhar

Remember: Put ✓ mark on the box answer you choose.

#### 1. Personal data on the Respondents

1.1. Gender: Male  Female

1.2. Age Breakup: A.18-35 Year  B. 36-45 Years  C. Over 46 Year

1.3. Education: A. Illiterate  B. Primary (1-8)

C. High School (9-10)  D. Preparatory  E. Diploma  F. BA Degree And Above

1.4. Marital Status: A. Married  B. Unmarried  C. Divorced

1.5. Family Size: A. 1-4  B. 5-10  C. More Than 10

#### 2. Social- Economic Condition of the Respondent

2.1. Your Average Monthly Income Birr\_\_\_\_\_

2.2. Your average monthly expenditure Birr\_\_\_\_\_

2.3. Did you have any business and your own income source before joining this credit program?

A. Yes  B. No

2.4. After joining the loan/credit program: your income has increased

A. Yes  B. No  C. No Answer

If yes, explain why? \_\_\_\_\_

2.5. Were you able to pay your children’s education fee before involvement in Addis Credit and Saving Institutions Program?

A. Yes  B. No  C. No Answer



2.6. Your capacity for paying for your children's better quality of schooling after joining the program

A. Increased  B. Decreased  C. Remains the same

2.7. How do you explain the differences (in terms of before and after joining the credit/loan program) in affording to pay the medical expenses whenever you or your family members get sick?

A. Better before joining the credit program  B. Better after joining the credit program

Explain why \_\_\_\_\_

2.8. How do you explain your ability to buy clothing for yourself and for your children in general?

A. Better before joining the credit program  B. Better after joining the credit program

Explain why \_\_\_\_\_

2.9. The number of food items and quality of food that you are consuming now has

A. Improved  B. Worsened  C. Remained the same

### 3. Information Concerning Asset of Respondents

3.1. Did you have fixed property before being engaged in Addis Credit and Saving Institution?

A. Yes  B. No  C. No Answer

If "Yes" state the asset \_\_\_\_\_

3.2. Do you have fixed and movable asset after being engaged in Addis Credit and Saving Institution program?

A. Yes  B. No

If "Yes":

A. state the fixed asset \_\_\_\_\_

B. state the movable asset \_\_\_\_\_

3.3. What assets do you have after being engaged in Addis Credit and Saving Institution Program? (You can tick more than one answer)

A. Owner of a house  B. Have money to pay the school fees of my children

C. Access of payment for health care for my family  D. Improve my food situation

E. The saving has increased

If any other, specify \_\_\_\_\_

### 4. Information Regarding Employment Opportunity of Respondents

4.1. What were you doing before you started the business?

- A. Unemployed  B. Employed elsewhere in similar business   
C. A student  D. working unpaid in family business   
E. Employed in government organization

If any other, specify \_\_\_\_\_

4.2. Did you have employees before joining AdCSI in your business?

- A. Yes  B. No  C. No Answer

4.3. How many employees (even family members employed) do you have now in your business?

- A. One  B. 2-5  C. More than 5  D. None

### **5. Women's Empowerment**

5.1. Who makes decisions within the household concerning issues such as sending children to school; buying food or clothes?

1. Husband only 2. Mostly husband 3. Husband and wife 4. Mostly wife 5. Wife only

5.2. Who decides on taking loans?

1. Husband only 2. Mostly husband 3. Husband and wife 4. Mostly wife 5. Wife only

5.3. Who makes decisions on utilization of loans, what inputs to buy; and how to sell products? 1. Husband only 2. Mostly husband 3. Husband and wife 4. Mostly wife 5. Wife only

5.4. What do you do when you want to buy something for yourself or the household?

1. You buy what you need because you have some money of your own  
2. You always ask husband for money  
3. You sometimes have money and sometimes ask husband  
4. Other (specify) \_\_\_\_\_

5.5. Which of the following represents your role in the community?

1. You participate in community/kebele development efforts as committee member  
2. You participate in community development as member  
3. You only attend meetings when invited  
4. You never participate in community development efforts  
5. Others (specify) \_\_\_\_\_

5.6. Has your participation in the microfinance improved your decision-making role in the household, business or community? 1. Yes 2. No

5.7. If yes, state how it improved \_\_\_\_\_  
\_\_\_\_\_

5.8. Is there any change in your business skills since your participation in the Microfinance ? 1. Yes 2. No

5.9. If yes, state the changes and what caused them \_\_\_\_\_  
\_\_\_\_\_

5.10. Do you think that loan taking contributed anything to your self-esteem?

1. Yes

2. No

5.11. If yes, state how it contributed \_\_\_\_\_

## **6. Information Concerning credit mobilization and utilization to Respondents**

6.1. What do you feel about the amount of loan size given by Addis Credit and Saving Institution related to your business?

A. very low  B. small than required  C. good enough  D. more than enough

6.2. What is your reason to take a loan?

A. To open new business  B. To expand my business  C. To change over another business

D. To solve the serious problem of my lack of money

If any other, specify \_\_\_\_\_

6.3. What was your first loan mainly used for?

A. Petty trade  B. Garment  C. Construction work  D. To pay my old debt

Specify if any other \_\_\_\_\_

6.4. Are you borrow by: A. Individuals  B. Group

6.5. If you borrowed by a group, have you ever paid defaulter's penalty to the group?

A. Yes  B. No  C. No Answer

6.6. Who formed your group?

A. Kebele administration

B. Directly, I asked other group members to join me, and they agreed

C. Previous group members asked me to join them and I agreed

D. Addis Credit and Saving Institution staff helped me to join the group

If any other, specify \_\_\_\_\_

6.7 Do you think that the criteria by which you are being allowed to get access to credit services are suitable?

A. Yes  B. No  C. No Answer

6.8. Did you pay interest for the loan?

A. Yes  B. No

6.9. What is your opinion about the interest rate?

A. High  B. Low  C. Proportional

6.10. Does Addis Credit and Saving Institution give enough time to repay the loan?

A. Yes  B. No

If "No", specify the reason \_\_\_\_\_

6.11. State what you dislike in Addis Credit and Saving Institution service (You can tick more than one answer)

A. Group lending  B. Amount of loan smaller than requested

C. Delay (bureaucracy) in service delivery  D. High interest rate

E. Short repayment period

6.13. What is your opinion about training, follow up and supervision provided by the office?

A. Low  B. Good  C. Very good

6.14. Did you get any formal training that helped you to undertake the kind of business you are involved in?

A. Yes  B. No  C. No Answer

6.15. What are the main constraints/ challenges to use the credit?

A. High interest rate for loan  B. Shorter repayment period

C. Low interest rate for saving  D. Low amount of loan

If other, specify \_\_\_\_\_

7. Please give some suggestions

---

---

Thank you very much for your cooperation

## Appendix 2

### Interview questions to Kolfe Keranyo Sub City Addis Credit and Saving Institution Branch and Sub Branch Managers

Dear respondents,

The question is prepared by Rahmeto Juhar student of master program in Social Work in **Indra Gandhi Nation Open University**. These interview questions prepared to Kolfe Keranyoe sub city Addis Credit and Saving institution branch and sub branches managers to gather information about ‘‘The Role of Microfinance Institutions in Urban Poverty Alleviation and women’s empowerment’’. In addition to these it helps to obtain information of the major constraints or challenges that hinder the program.

1. Tool for targeting

- Explain the mechanism used for addressing the poor especially women?
- How do you treat women and men in the provision of service of credit?
- What types of lending system do you follow?

3. Would you suggest that your observation on the improvement of Addis credit and saving institution clients living situation?

4. What are your suggestions concerning:

- Repayment period
- saving situation
- The amount of loan that gave for the clients
- Interest rate compared with other formal ( like commercial banks) and informal(like money lenders) financial institution

5. What was the main problems and constraints face during the provision of credit and saving services?

6. If you have any additional suggestion which didn’t address in the above, you can explain it.

Thank you very much for your cooperation