



**St. Mary's University
School of Graduate Studies**

**Assessment of the Contribution of Microfinance Scheme on
Women's Income: A Case Study of Kotebe Evangelical Mekane
Yesus Church Microfinance Scheme in Sandafa Town, Ethiopia**

By

Djima Bayisa

August, 2015

Addis Ababa, Ethiopia

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Women's Income: A Case Study of Kotebe Evangelical Church
Mekane Yesus Microfinance Scheme in Sandafa Town, Ethiopia**

**A Thesis Submitted to School of Graduate Studies of St. Mary's
University in Partial Fulfillment of the Requirement of Masters of
Science in Agricultural Economics**

By

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ACRONYMS

AIDSA	Acquired Immune Deficiency Syndrome.
ANOVA	Analysis of Variance
BRAC	Bangladesh Rural Advancement Committee
DECSI	Dedebit Credit and Saving Institution
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
GEM	Gender Empowerment Measure
HIV	<i>Human Immunodeficiency Virus</i>
ILO	<i>International Labor Organization</i>
KECMY	Kotebe Evangelical Church MekaneYesus
MDG	Millennium Development Goals
MFI	Microfinance Institutions
NGO	Non-Governmental Organization
QOL	Quality of life
SACCOs	Credit and Saving Associations
UNDP	<i>United Nations Development Program</i>
UNIFEM	United Nations Development Fund for Women
USD	United States Dollar
VIF	Variance Inflation Factor

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Abstract

The objective of this study was to assess the contribution of Kotebe Evangelical Church Mekane Yesus (KECMY) on the economic status of beneficiary women and identify the factors that affect their income. Of the total 120 women's beneficiaries 90 respondents were considered in this study. To achieve its objectives, descriptive analysis, and t-test model were applied in the study. The study found out that, in general terms, the beneficiaries of the project have gained improvements in their economic status, which has been reflected in their monthly income. The study has depicted that the income, house ownership, food status and health status are improved. Further, the study also revealed that there were some women whose economic statuses were not improved. The results showed that the probability of income gain and amount of income are significantly and positively influenced by loan size, utilization of loan for intended purpose, saving, and decision making. The influence of family size was found to be negative and significant. Hence, the outcomes of the assessment recommends, the importance of paying attention to access to credit other than KECMY, amount saved and deposited by the respondents as well as the loan size. On the other hand, capacity buildings of the women on new and feasible income generating economic activities, provision of sales-house for their produces, and utilization capacity and technical knowhow on loan utilization, and strengthening horizontal integration with government and non-government organizations for financial and non-financial services.

Key words: Microfinance, Mekane Yesus, Contribution, Income

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

The core element of empowerment has been defined as agency that is ability to define one's goals and participate in decision making and negotiation, awareness of gendered power structures, self-esteem and self-confidence. Empowerment can take place at an individual, household or community level. According to United Nations Development Fund for women (UNIFEM), gaining the ability to generate choice and exercise bargaining power, developing a sense of self-worth, a belief in one's ability to secure desired changes, and the right to control one's life are important elements of women empowerment.

Women have more difficulties not only in participating in labor markets but also in finding decent and productive work. Women are still less likely to be in regular wage and salaried employment. In addition, the female share of contribution to family workers exceeds the male rate in all regions of the world. Women's share of employment in the services sector also exceeds that of men. Additionally, women are more likely to earn less than men for the same type of work, even in traditionally female occupations (ILO, 2007).

In traditional Africa, women were not involved in the economy since they were de facto managers of income generating activities on farms as husbands were involved on non-farm business. Then came the colonial economy which created title deeds making men the sole owners of land and as a result, women are economically weak. Other reasons why Women in Africa are not empowered are due to poverty and negative cultural practices. On the other hand, these days, inaccessibility to saving and credit schemes is the major constraint on women's empowerment to generate income.

As stated by Narayan & Deepa (2002), in most poor countries, men's domination of women is strongest within the household. Access to credit and participation in income-generating activities is assumed to strengthen women's bargaining position within the household thereby allowing them to influence a greater number of strategic decisions.

Gender imbalances exist in the division of labor, access to resources, distribution of income, and decision-making. In the history of Ethiopia, women are primarily tasked with food production and other household level activities. Rights to land, credit, and other productive resources are

difficult for women to attain. In 1993, the government of the Federal Democratic Republic of Ethiopia (FDRE) issued the National Ethiopian Policy on Women and granted equal rights for women under the constitution. In Ethiopia, women's participation in their own matters and women's benefit from social, economic and political spheres is low. Traditional, social and economic values constrain the rights of women and their opportunities to direct their own lives or participate in and contribute to community and national development (Bogalech and Mengistu, 2007). Moreover, a new family law was recently instituted focusing on the advancement of women, affirmative action, and provision for higher education, employment and promotion in the workplace (ibid).

Microfinance empowers women by accessing capital to their hands and allowing them to earn an independent income and enables them to contribute financially to their households and communities. The economic empowerment is expected to generate increased self-esteem, respect and other forms of empowerment for women beneficiaries. It is clearly visible that involvement in successful income generating activities should translate into greater control and empowerment (Narayan & Deepa, 2002).

The Ethiopian Government has also demonstrated its commitment to resolve gender inequalities and there by enhance women economic empowerment through various public policies and strategies. At an international level, Ethiopia is a signatory to several important international conventions, aimed at supporting women's empowerment in general, including the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), Beijing Platform of Action, Cairo Declaration on Population and Development, and the Millennium Development Goals (Gebreselassie et al, 2012).

Intervention of project in income generating activities or micro credit program is currently being promoted as a key strategy for simultaneously addressing women's empowerment in Ethiopia.

Furthermore, microfinance plays a significant role in the economic empowerment of women, through the provision of loans to women, particularly to the poor, uneducated and who are not able to fulfill the collateral requirements laid down by other lending institutions, thus, small-scale microfinance enables them to be self-employed. Consequently, some of the women have managed to increase their incomes although in small amounts, and further developed culture of

savings. In addition, the decision making powers of the women on the loan secured from the MFI has enhanced following their participation in microfinance (Haileselassie, 2007).

However, access to microfinance has failed to result in significant changes in the gender relations at the household level and the attitude of the husband towards the women's contribution to the household. The contribution of microfinance in enhancing the women's decision making powers was also not exhibited to be so much significant. Furthermore, although the level of domestic violence has shown decline in some cases, it even went worse with in some cases following the participation of women in microfinance. Hence, despite its positive impacts on improving the women's basic needs, microfinance has generally fallen short of bringing about changes in strategic gender needs and gender relations at the household level (ibid).

Therefore, this study examines the contribution of microfinance scheme on women income, particularly, the case of Sandfa town's saving and credit scheme managed by KECMY.

1.2.Statement of the Problem

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

There has been considerable debate at the theoretical level as to what empowerment of women comprises and how it best can be achieved and what is the possible relationship between women's empowerment and micro-credit, is quite evident.

However, it is generally argued that micro-credit plays a vital role in bringing about changes in the rural women's life-style. There is greater reduction in poverty when microcredit programs are combined with increased access to basic social services than when the programs focus on credit alone(Khandker, 1996).

Even though most of the related studies lack strong theoretical background, some (Kurey, 2005; Terefe, 2002; Wubet, 2006; Borchgrevink, et al, 2005; Baviah & Rao, 2006; Haymanot, 2007;

2006; Fredu, 2006, and Zaid, 2008) have been conducted that directly or indirectly touch upon issues of gender or women empowerment.

Some descriptive studies (Haymanot, 2007; Wubet, 2006 and Borchgrevink et al., 2005) ensure that participation of women in microfinance service has brought about significant impact on the livelihood and enhanced women's household decision making, and improvement on other direct and indirect outcomes of women's empowerment.

Pitt & Shahidur (1996) in their study on Grameen Bank rural development program found that credit had significant effects on the range of wellbeing related outcomes and credit to women had more effects than credit to men. Thus all these impact studies acknowledge the potential of micro-credit in empowering rural women.

But the scholars and practitioners are yet to reach any decisive conclusions to pertinent questions such as does micro-credit breaks the structural sub-ordinance of women in the existing socio-economic and cultural settings and empowers women in their households and in wider community? This line of debate therefore calls for further close examinations of NGO approaches to micro-credit for women economic empowerment. Most of the above mentioned studies have impressive methodological consistency and utilize appropriate logic of analysis to answer their respective research questions. Nevertheless, much of their focuses have been on the microfinance institutions rather than the program targets. This study therefore attempts to fill the gap by investigating the contribution of small scale microfinance on women income.

1.3.Objective of the Study

1.3.1. General Objective

The study focuses on the economic contribution of Micro financing for income generating credit scheme on income.

1.3.2. Specific Objective

The following is the specific objective of the study:

- To determine the contribution of micro financing in creating self-employment among MFIs women beneficiaries;

1.4. Significance of the Study

This assessment has been lead to the investigation of the extent to which the project benefited its members. Hence, the immediate concern of the study is economic changes brought about as a result of their engagement in the microfinance project.

Women have been underserved or ignored by development planning though they have important roles and responsibilities in the development activities. Women over-worked as they are, often been left worse off by past development interventions. In this study, it was foreseen that knowing the contribution of credit loan on participating women could enable policy makers to use the project as a model for the special zone of FinFine zuria of Oromia regional state, the government of Ethiopia, and KECMY in its next phase endeavors. Thus, the results of this study were expected to reveal the exact situation of women and help correct the inconsistency and distinguish the important linkage between women's economic status and the contribution of small-scale microfinance schemes.

1.5.The Scope and Limitation of the Study

This study is used to assess the contribution of Micro financing for income generating credit scheme on the income of the target groups and factors that determine income generation of the target groups. The study has been limited or bound to 90 Women group members who are found in Sandafa town of Berek woreda. The reasons for selecting Sandafa town are: the geographical tightness (smallness) of the target area; the easier access to targets; and the fact that the majority of the intervention area's population reside around the capital city. Next to the above socio-cultural and demographic issues, constraints like time, scarce budget and other resource limitations have also contributed to limit the scope of the study.

1.6.Organization of the Study

The study has five chapters. The first chapter deals with introduction and background of the study, chapter two reviews of related literature, chapter three looks all about methodology and chapter four deals with analysis of the collected data by using descriptive statistical method and the last chapter, chapter five brings this study to an end with summary, conclusion and recommendation.

CHAPTER TWO: LITERATURE REVIEW

The primary purpose of a literature review is to help researchers become familiar with the work that has already been conducted in their selected topic areas (Geoffrey, David, & David, 2005).

This chapter presents circumstance of women in the world regarding the concepts and definition of Economic Empowerment, Microfinance Institutions (MFIs), and Importance of contribution of microfinance schemes for women economic empowerment. The chapter also reviews prior studies on the contribution of micro-credit scheme on women economic empowerment

2.1.Circumstance of Women in the World

Women are deemed to constitute about half of the world population. They contribute two-third of the total number of working hours needed for production process. According to UNDP human development report of 2002, of 1.2 billion people surviving on less than \$ 1 a day, 70 percent are women. Besides, poverty is qualitatively different for women than men. Poor men face social and economic exclusion from government bodies and other institution, which shape their lives on the ground of poverty. But women are twice excluded from public institution on the ground of sexual discrimination as well as poverty(Sweetman, 2004). Women are particularly vulnerable to poverty because of lack of access to credit, low educational facilities, inferior legal status, the narrow range of income generating or employment opportunity available to them and greater responsibility for raising children (Buden and Milward, 1997). These forced them to be crowded in low income and low skilled job. They tend to work in the invisible sector of the economy: that is casual work, piecework, seasonal work and home based (Mayoux, 1997). Women are given secondary status both within the family and in the society, which has resulted in little credit for productivity. Their status limits their access to economic resources, hindering them ensuring their independence consequently.

Women continued to be regarded as an appendage to the family as helpers to male heads of the households, as consumers but not producers. Women's right to ownership are often far less than those of men and their access to productive resource (e.g. land, capital) tend to be indirect and contingent on their relationship with men either by kinship or through marriage (Buden & Milward, 1995). Women's independent property rights are highly constrained both in terms of legal rights (ownership, inheritance) and more importantly in the application of laws and/or the

operation of traditional institutions of resources allocation committees. All these factors limit women's capacity to produce independently of men and make them dependent on men for access to productive resources (ibid).

Worldwide, there are persistent gap between women's and men's earnings. Women earn less than men do; they are paid 30 to 40 percent less than men for comparable work (Mehara & Gammage, 1999). The persistent male female earning differentials are a function of women's lower level of education or experience. They work in lower-paying occupations and hold lower level positions. They are also more likely to be employed in part time work than men. In many countries, both developed and developing region women represent a disproportionately high share of the unemployed (ibid).

Ethiopian women are actively involved in all aspects of their society's life. Women are both producers and procreators and they are also active participants in the social, political, and cultural activities of their communities. However, the varied and important roles they play have not always been recognized. The discriminatory economic and social rules and regulations prevailing in Ethiopia have barred women from enjoying the fruits of their labor. Without equal opportunities, they have lagged behind men in all fields of self-advancement (World Bank, 1998).

2.2. Concept and Definition

2.2.1. Concept of Women Economic Empowerment

In order to assess the power of micro-credit for empowering women, a definition of empower is necessary to explain the concept of women economic empowerment. Empowerment is defined as the process by which women take control and ownership of their lives through expansion of their choices (UN, 2001). Thus, it is the process of acquiring the ability to make strategic life choices in a context where this ability has previously been denied. The core elements of empowerment have been defined as agency (the ability to define one's goals and act upon them), awareness of gendered power structures, self-esteem and self-confidence (ibid).

Empowerment through micro finance is defined 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 & Kuhn, 2002).

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

The core element of empowerment have been defined as agency, that is ability to define one's goals and participate in decision making and negotiation awareness of gendered power structures, self-esteem and self-confidence. Empowerment can take place at an individual, household or community level. An important indicator of empowerment is the ability to make decisions within the household. Through micro-credit schemes, women have greater personal income, and this has helped to increase mobility and therefore employment potential of women who no longer have to solicit permission from their husband beforehand.

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

According to Cheston & Kuhn(2002), empowerment approaches are utilized in a variety of development initiatives in addition to micro credit programs, democratization programs and leadership training programs. However, question has to be raised as to what constitutes empowerment and when is the program empowering and when it is not. For example, increased decision-making power at individual level and greater access to economic resources of women does not necessarily translate into greater representation on power of women within political institutions.

Economic empowerment is the capacity of women and men to participate in, contribute to and benefit from growth processes in ways which recognize the value of their contributions, respect their dignity and make it possible to negotiate a fairer distribution of the benefits of growth. Economic empowerment increases women's access to economic resources and opportunities

including jobs, financial services, property and other productive assets, skills development and market information.

Women's economic participation and empowerment are fundamental to strengthening women's rights and enabling women to have control over their lives and exert influence in society. It is about creating just and equitable societies. Women often face discrimination and persistent gender inequalities, with some women experiencing multiple discrimination and exclusion because of factors such as ethnicity or caste.

The economic empowerment of women is a prerequisite for sustainable development, pro-poor growth and the achievement of all the Millennium Development Goals (MDGs). Gender equality and empowered women are catalysts for multiplying development efforts. Investments in gender equality yield the highest returns of all development investments. Women usually invest a higher proportion of their earnings in their families and communities than men.

Economic empowerment projects usually focus on income-generating activities, which allow women to independently acquire their income (Albee, 1994). Income-generating activities encompass a wide range of areas, such as small business promotion, cooperatives, job creation schemes, sewing circles and credit and savings groups (ibid).

One of the most popular forms of economic empowerment for women is microfinance, which provides credit for impoverished women who are usually excluded from formal credit institutions (Goetz & Gupta, 1996). Offering women a source of credit has been found to be a very successful strategy for alleviating poverty because it enhances the productivity of their own small enterprises and the income-generating activities in which they invest. Results include an increase in women's self-confidence and status within their families as well as income that can be used to improve their families' well-being through improved health and nutrition (ibid).

2.2.2. Measuring Women's Empowerment

Despite the identification of women's empowerment as a key variable in development, there is no standard, rigorous way of measuring it (Malhotra et al. 2002). There are no set questions or measurements that are used to create an empowerment variable; neither is there a set way of statistically treating this kind of variable. How women's empowerment is measured depends

strongly on how the concept of women's empowerment is defined, and in what dimension empowerment is looked upon. It is also important to realize that empowerment is an endogenous latent variable, i.e. not directly observable, and that the measurement vary depending on what variables are chosen as observable indicators of empowerment. Typically, women's empowerment is measured either on aggregated (macro) level or on individual (micro) level.

Women's empowerment on macro level can be measured as several different aggregations such as community level, regional level or national level (Malhotra et al., 2002). One example of a measurement of empowerment on aggregated level is UNDP's Gender Empowerment Measure (GEM) that measures agency on a national level in terms of decision making and participation in the political and economic sphere (UNDP, 2007/2008) Measuring empowerment on a micro level is generally done by using variables from household data – either through indirect proxies of empowerment, such as length of education, age of marriage or political participation – or variables that more directly measure empowerment, such as decision power in household, freedom of movement etc. (Mason and Smith 1999). However, many scholars argue that the method of using proxies does not acknowledge or capture the multi-dimensional nature of empowerment and that the relevance of proxies depends on geographical location or on what dimension of empowerment is studied (Malhotra et al., 2002).

The World Bank Action Plan (2006), *Gender Equality as Smart Economics* argues that economic empowerment is about making markets work for women and empowering women to compete in markets. Because markets come in many forms, the Action Plan targets four key markets: land, labor, financial and product (increasing access to business services and facilitating the creation of female-owned businesses) markets.

The challenge is to reach poor women who are landless laborers, smallholder agricultural producers, cross-border traders and factory and domestic workers and ensure that these women have access to the opportunities and benefits of economic growth and trade. There are specific challenges when working with the poorest women such as: lower levels of literacy, lower levels of access to and control over resources, lower levels of access to networks and people who can assist and support, greater vulnerability to sexual exploitation and abuse at the community level, if not the household level (DAC Network on Gender Equality, 2011).

2.2.3. Defining Microfinance Institutions (MFIs)

Micro-Finance Institution (MFIs) is a term commonly used to define financial institutions dedicated to assisting small enterprises, the poor, and households who have no access to the more institutionalized financial system, in mobilizing savings, and obtaining access to financial services. Through microfinance, women have been able to run small businesses which constitute a significant share of economic activity in developed and transitioning economies. Microfinance is the provision of very small loans (micro credit) and a broader range of services (credit, savings, insurance, remittances etc.) in a cost effective and sustainable manner to very poor families.

Microfinance has improved the lives of many poor, marginalized and vulnerable people around the world, especially in developing country by enabling them engage in income generating activities, education and citizens awareness programmers', etc; (UNDP, 2010). Where well managed and directed, microfinance has accrued enormous benefits in creating wealth, improving health, generating employment and enhancing status for the beneficiaries.

Microfinance empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities. The economic empowerment is expected to generate increased self-esteem, respect and other forms of empowerment for women beneficiaries. It is clearly visible that involvement in successful income generating activities should translate into greater control and empowerment (Narayan, 2002).

However, Microfinance is not a total panacea, cannot solve all problems of women's empowerment and has its own challenges, including exploitative interest rates, webbing poor women in chains of debts, increasing the work burden-in the absence of appropriate support system, etc.

The logic of micro-finance's potential for empowerment is similar to the economic model of empowerment; micro-finance makes women economically independent by putting capital and financial resources in their hands. Economic independency results in higher bargaining power for women in their households and communities, and subsequently results in higher prestige and self-esteem. Micro-finance has been seen as contributing not only to poverty reduction and

financial sustainability, but also to a series ‘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 & Hartl 2009).

Researchers conducted in commercial banks in Ethiopia indicated that Banks are not eager to finance the sector; their collateral requirement and their minimum loan size are not often feasible for poor women. Bank policies (public and private alike) make fixed assets collateral mandatory, thereby excluding poor women from the credit market. The only formal institutions that are accessible to the micro and small enterprises are the Micro Finance Institutions (MFIs) for their household and domestic requirements. The objective of the Micro finance institution is poverty reduction and the source of their loan fund is mainly provided by donors (Haftu et al., 2009 ; Zewde and associates, 2002). The credit and saving associations (SACCOs) are also the other sources of MFIs and they have high potential for mobilizing savings that could be utilized productively for MFIs programs. The terms and conditions of SACCO lending are based on the lending policy and procedures and the bylaw of the cooperatives (Haftu et al. 2009).

Loans from microfinance institutions have been made to groups of people rather than to individuals as a means of ensuring greater security to the microfinance institution. Although group lending is still prevalent at many microfinance institutions, lending to individuals has become more popular. Today, microfinance institutions may offer diversified loan products, including personal savings options, housing loans, insurance packages and social services, including health education and care. The numerous financial products for the poor all fall under the umbrella of “microfinance”.

2.2.4. Importance of Assessment of Contribution of Micro finance Institutions

Explicitly, impact assessments are promoted by both the donors and implementers of programs, so that they can learn what is being achieved and improve the effectiveness and efficiency of their activities. Implicitly, impact assessments are a method by which sponsors seek to get more information about program effectiveness than is available from the routine accountability systems of implementing organizations. Impact assessments are also of significance importance to aid agencies in terms of meeting the ever increasing accountability demands of their

governments and for contesting the rhetoric of the anti-aid lobby. While recipient agencies benefit from this, they are one stage removed, and many are likely to see donor-initiated impact assessment as an activity that has limited practical relevance for program activities (Hulme, 1997). Women often marginalized women, especially among the poor are the primary loan recipients of microfinance. Women are the gateway to household security, as they generally invest more in the welfare of the family than do men this includes expenses for education, health care, clothing, shelter and household items (Cheston & Kuhn, 2002).

Women are also more conscientious savers to protect themselves and their family against times of crisis. Women are thus an appropriate target group for mitigating poverty and maximizing the social impact of development strategies. Today a majority of the microfinance programs around the world target women as their clients. However, at the time when microfinance emerged as a channel for poor to access credit and as a tool for development, the greatest share of the clients of Grameen bank were men. The move towards a stronger focus on female borrowers was taken in the 1990s in response to growing problems with repayments of loans among the male borrowers. Consequently, in 2002, 95 percent of the clients of Gramen bank were women (Armendáriz & Morduch, 2005).

In addition to being more reliable and efficient when regarding repayment schemes and also displaying a higher degree of cooperativeness, studies have shown that women are more likely to be credit constrained than men, have a more restricted access to the wage labor market and that it is thus of importance to present women with possibilities that gives them access to these areas. Moreover, by giving women access to credit and increasing women's participation in income generating activities, women's bargaining power and decision making roles within the household are also strengthened (Pitt and Khandker 1998, Pitt et al. 2003). As previously pointed out, women tend to spend a larger part of their income on family wellbeing, which, from a development point of view, is more optimal (Duflo 2012, Bali Swain and Wallentin 2009).

Microfinance is thus seen as “a road to gender empowerment” (Armendáriz & Morduch, 2005), something that is summed up well by Cheston & Kuhn(2002): “By providing access to financing for income-generating activities, microfinance institutions can significantly reduce women's vulnerability to poverty. A reduction in women's vulnerability can sometimes also translate into

empowerment if greater financial security allows the women to become more assertive in household and community affairs”.

2.2.5. Indicators and Measurements of Contributions

Contribution assessment is the process of identifying the anticipated or actual contribution of a development intervention, on those social, economic and environmental factors, which the intervention is designed to affect or may inadvertently/ unconsciously affect. It may take place before approval of an intervention (ex ante), after completion (ex post), or at any stage in between. Ex ante assessment forecasts potential impacts as part of the planning, design and approval of an intervention, where ex post assessment identifies actual impacts during and after implementation, to enable corrective actions to be taken if necessary, and to provide information for improving the design of future interventions (Kirkpatrick et al., 1999).

The same source stated that a fully integrated impact assessment of complex investigation of the interlinking between social, economic and environmental impacts would require potentially important interactive effects to be identified within the scope of the assessment (Figure 1).

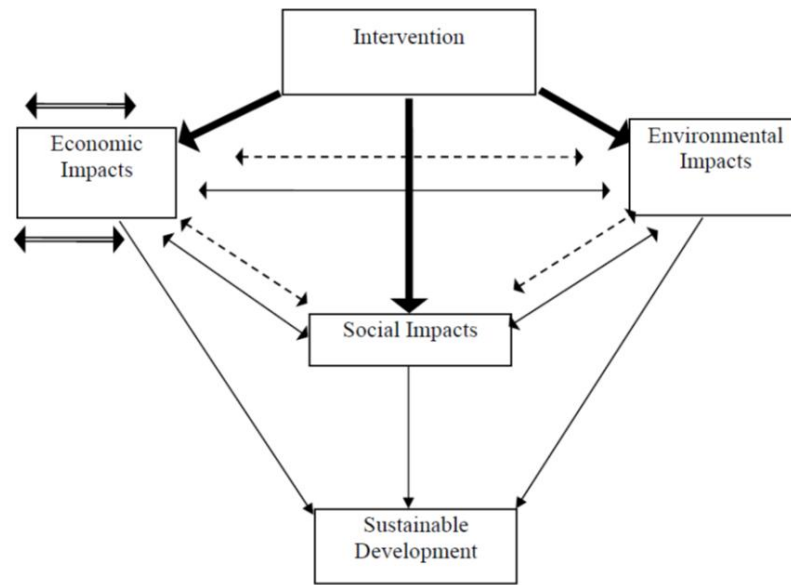


Figure 2.1 Types of impact on sustainable development
 Source: Kirkpatrick et al., 1999

Figure 2.1 shows that intervention of a given project has direct impact(s) on economic, social and/or environmental aspects of the considered area of intervention. These three aspects of area of intervention do have feedback and indirect impacts on one another. Moreover, all these result in sustainable development. In defining the scope, one has to determine which impacts should be investigated in the assessment and also identify targets for the impacts to be assessed, from the planning documents, or from widely accepted objectives appropriate for the type of intervention.

The other point is identification of indicators, which allow each impact to be measured, in relation to its target; also methods of collection against these, and who will be responsible for collection. In assessment and quantification of impacts, determine what impacts have occurred, their direct and indirect causes, and their importance and assess impact magnitude where practicable, in relation to target groups respectively. As to corrective action, define what steps

can be taken to eliminate or reduce any significant adverse impacts or to compensate for them. In policy lessons, identify lessons for the planning and design of future interventions.

Many problems of impact assessment arise because of usually, lack of baseline data and that analysis has to be done based on a cross-sectional comparison of households for which data are available only at a certain point in time. Consequently, it is difficult to find out what changes have occurred over time to different types of households and even more what are the causes of change (Rutherford, 2000).

Impact of development project intervention in a given economy can be assessed at household, enterprise, individual, and community levels. The rationale for using household, enterprise, individual, and community as units of impact assessment is that for an organization aiming at providing financial services to alleviate poverty, its end result is fully measurable only in direct relationship to lives of human beings, who are part of the household, the society or the community in which they live. At the household level, impact may be measured by an increase in household income, asset accumulation, and labor productivity. Therefore, impacts of development projects are measured by quantitative and qualitative variables, which are reflected in the above units of impact assessment (Ibid).

2.3.Reviews of Prior Studies on the Contribution of Micro-credit Scheme on Women Economic Empowerment

The Knowledge of contribution of financial services is undoubtedly important for it provides information to the donor/lender on the incentives available for the clients to comply. Contribution of financial services is affected by a number of socio-economic, institutional and natural factors. Furthermore, the issue of financial sustainability of micro- credit on women empowerment must be considered. Some of which are believed to impact such as on income, expenditure, asset, and saving positively while others have negative impact. As an output of the studies, different recommendations and helpful comments on the limiting factors of the performances of the institutions were identified in several countries. Some of the studies are reviewed in the following paragraphs.

Impact assessment studies point to asset creation as one of the main indicators, measurable by empirical data. From various documented sources, it would appear that financial services,

especially microcredit, provided to self-help groups have brought about an increase in household income. For example, the 2000 United Nations Common Country Assessment for Bangladesh felt that microcredit had lessened the severity of poverty and helped to increase total income per household by 29 percent. A World Bank study found that a 10 percent increase in borrowing had led to an increase in women's non-land assets by 2 percent for loans from the Grameen Bank and 1.2 percent for loans from the Bangladesh Rural Advancement Committee (BRAC) (World Bank, 1998). In India, microcredit studies done on groups dealing with dairy farming have noted positive profit levels and short payback periods for loans (Lalitha and Nagarajan, 2002). Earnings generated from such undertakings have been instrumental in increasing the physical well-being of the household, often through better nutrition and sanitation. The household's asset base has also been enhanced by the addition of jewellery (a portable asset), improved housing and land purchase in some cases.

Studies made in Bangladesh on Grameen Bank loan participants showed a positive impact of the program in increasing household income, expenditure on basic necessities, employment, nutritional intake and other social benefits for women such as the use of more reliable source of drinking water, contraceptives and latrine services as well as avoidance of earlier marriage (Fiddler & Webster, 1996).

Pit and Khandker (1996) in their study on Grameen Bank rural development program found that credit had significant effects on the range of wellbeing related outcomes and credit to women had more effects than credit to men. Thus all these impact studies acknowledge the potential of micro-credit in empowering rural women.

The alternative perspective emphasizes that women's empowerment emerges; (a) as a result of cultural economic and other changes, such as the availability of new technologies in their lives, (b) as women's current opportunities and constraints, and (c) as process in time, across generations (Cornwall and Edwards 2010). Since the context of women's lives matters and the same interventions are not effective everywhere, most of the policies remain ineffective.

The income generation and facts for life communication projects (project F67) in Vietnam focused on women with the aim of strengthening their financial capacity. Women participation in the project demonstrated status in their lives and care for their families. Family income increased

dramatically during the project's implementation, and many families participating in the project had more cash on hand at the end of the loan cycle. They had also successfully repaid 100% of their loan (McNamara & ThiThanhNga, 1998).

The experience in Benin showed the social and economic advantages achieved by women through the saving and credit system of low-income women group of "Banques des femmes" the system started in January 1992 with only 15 women. After four years of life, by March 1996, 1200 small business of low-income women has been financed with a total of \$ 46,000. The system permitted women to overcome some of the insufficiency of the traditional financial system such as high and varying rate of interest (20% to 50%) per month and numerous requirements of the lenders(Mongobo, 2004).

Nanda, (1999)study of rural microfinance projects in Bangladesh revealed that improving women's access and control over resources can potentially alleviate their health problems and enhance their decision-making within the household. Her study indicates that participation in economic activities is more valuable for empowering a woman than household income or socio-economic status.

Dasgupta(2001) in his paper on informal journey through self help groups observed that micro-financing through informal group approach has affected quite a few benefits viz.:

- i. Savings mobilized by the poor
- ii. Access to the required amount of appropriate credit by the poor,
- iii. Matching the demand and supply of credit structure and opening new market for financial institutions,
- iv. Reduction in transaction cost for both lenders and borrowers,
- v. Tremendous improvement in recovery,
- vi. Heralding a new realization of subsidy less and corruption less credit, and
- vii. Remarkable empowerment of poor women

Matovu, (2006) conducted a study on microfinance and poverty alleviation in Uganda. Income generation is one of ingredient and the majority of the women interviewed responded positively that they had registered 77% increment in incomes while 11% noted a decrease, 7% remained the same and the 5% never answered to this question or gave another answer. The women were

asked if their incomes had increased, decreased, remained the same or any other; the majority responded that their incomes increased. Business profits are an important income source for all groups. Those who run big businesses like dairy farming have higher incomes than for example women selling fish in the market.

Meehan (2001) made impact assessment on the performances of Dedebit Credit and Saving Institution (DECSI). The study was based on both primary and secondary data to analyze the impact of the services of the institution on the livelihood of the target groups. Qualitative information and data gathered through elite interviews and group interviews were incorporated in the data analysis. The study result (on DECSI-Adigidom sub-branch) showed that agriculture, handicrafts, petty trade and services were found to be the major loan purposes for which the clientele received the loan, in that order of importance.

Bali & Wallentin (2012) attempt to look at the impact of economic versus non-economic factors on women's empowerment by conducting a study on women that are members of Self Help Groups (SHGs) in India. SHG is a form of village banking where groups of 10-20 members firstly save up money that they then can lend to themselves and, when demonstrating stability and financial discipline, they can borrow four times their savings from the microfinance organization. The results of Bali Swain and Wallentin's study suggest that the economic factors have the biggest impact on women's empowerment, as loans from within the SHG enable the members to create additional income opportunities, which increase their bargaining and decision making power within the household and thus leads to empowerment. However, the findings of the study also indicate that social attitudes of the respondent and members of her household also matter for empowerment and greater autonomy in terms of independent planning, management and decision making at work. The impacts that *social attitudes* and *autonomy* have on empowerment are only two thirds and half, respectively, as effective as the effect of economic factors. The implication of these results are in line with the ones in Hashemi et al.'s study, that minimalistic microfinance through its economic impact is the most efficient way to promote empowerment.

A study by Kahn et al.,(2012) on the role of microfinance in empowerment of women in the Bahawalpurn district in Pakistan finds that access to credit through microfinance organizations has a positive impact on women's empowerment and also that loan utilization by the woman

herself is of importance. Khan and Noreen measure empowerment by the construction of an index from indicators of child health, education, selection of spouse of children, purchase of basic goods, and decision on the use of loan. Apart from credit access (measured in amount of loan), the study finds that age, education of husband, number of live sons, marital status, and father inherited assets are factors that have a positive effect on women's empowerment. Based on these results, Khan and Noreen conclude that the women's empowerment that emanates from microfinance can be increased by also increasing the amount of loans.

Other studies indicating a positive relation between microfinance and empowerment include Kato and Kratzer (2013) and Pitt et al. (2006). Using both quantitative and qualitative data on women in three different regions in Tanzania, Kato and Kratzer (2013) examined how participation in a microfinance program affected women's control over savings and income generated from business, participation in household decision making, household ownership of properties/assets, self-esteem, self-efficacy and mobility. The results indicate an increase in all of the areas above for members of a microfinance program compared to nonmembers. Pitt et al. (2006) use data from Bangladesh and measure empowerment as a latent variable that incorporates a number of indicators those proxy women's autonomy, decision making power as well as participation in household and societal decision making. The findings of the study indicate that microfinance empowers women as participation in a microfinance program makes women take a greater role in household decision making, have greater access to financial resources, increase their social networks, increase their bargaining power compared to their husbands, as well as have a greater freedom of mobility.

Despite the many studies that find microfinance to have a positive effect on women's empowerment, there are also parts of the literature that are more skeptical. One of the most frequently cited studies is Goetz & Gupta(1996), a study on women participating in microfinance programs in Bangladesh. They find that the men often control the loan given to the women. When it is time to repay the loan, the lack of control has a negative impact on women's empowerment. Goetz and Gupta also suggest that, in some cases, the woman is in risk of being exposed to violence when asking the man for money to repay the loan.

The result of the study also stated that women were more likely to have taken on new activities, were less likely to have used the loans for consumption purposes. Rural clients benefited more

than urban clients as a result of credit input initially, at early stage of client ship, but were less likely to maintain their initial increase in income over time than urban clients. Higher level of vulnerability of rural clientele appears to be linked to a higher level of dependence on agricultural production as their primary source of income, a highly vulnerable activity in a rain-fed agricultural subsistence economy, and their lack of additional sources of income compared to urban clients, who were more likely to have other sources of income, and more likely to have cash income activities such as trading, to fall back on in the case of poor harvests.

Though microfinance is relatively a new phenomenon in the Ethiopian context, different studies have been conducted in the area. One of the earlier studies by Wolday(2003) reviews the development of microfinance in Ethiopia and assesses the regulatory frameworks of the industry. Previous studies reviews performance of microfinance institutions in Ethiopia which focus on performance analysis in terms of financial sustainability and outreach, service delivery issues of microfinance in rural Ethiopia and the nexus between commercial and social objectives of microfinance institutions in rural Ethiopia, reconciliation of financial sustainability with poverty alleviation and access to microfinance in rural Ethiopia. (Befekadu 2008; Alemayehu 2008; Getaneh 2008; Gemechu 2008).

Economists have pondered over the effectiveness of the provision of micro-credit as a mechanism for enhance the socio-economic conditions of women in poverty and tacking gender inequalities through fairer distribution and access to financial resources. Theoretically, provision of micro-credit should empower poor women in three ways: - a) independent source of income outside the home, thereby reducing dependency and enhancing autonomy, b) exposure to new ideas, values and social support that should encourage their assertiveness, and, c) enhance women status, such as in the eyes of their husbands, that may promote greater discussion and cooperation over use of resources. A dramatic increase in women's credit schemes has occurred since the start of the 1990s. Indeed, empirical data has suggested a positive correlation between credit availability and women's empowerment. However, in practice, the implementation of micro- credit schemes has not been successful or significant enough to be considered a key solution to achieving women's empowerment

In contrast to these earlier mentioned studies, Coleman (1999) found no significant impact of access to microcredit on improving household wealth using a sample of households from

northeastern Thailand. However, when the sample was broken down into general beneficiaries and committee members, Coleman(2006) found that the insignificance was limited to general beneficiaries and that a positive impact was found among committee members who received access to financing. Estimates in Montgomery(2005) using data from Pakistan found a mild significant impact on per capita food expenditure in the months after the beneficiary first borrowed. However, access to microcredit did not have a significant impact on nonfood expenditure.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Description of the Study Area

Sendafa-Beke town is located in Oromia National Regional State, Special Zone of Oromia Surrounding Finfine, at a distance of 38 km from Addis Ababa on road to Dessie. Its astronomical location is $9^{\circ}06'14''$ to $9^{\circ}10'30''$ N latitude and $38^{\circ}57'60''$ to $39^{\circ}04'53''$ E longitudes. Most of the dwellers of the town are dependent on small trades for their livelihood, and the major small trade activities are hotels, bar, retail shops, butics, butchery, grain trade and the like. The town is composed of two kebeles 01 and 02. Kebele 01 is the central part of the town and kebele 02 is part of the town stretched out on the road to the next town called Alaltu. This part of the town, Beke is popular/ known at national level for its lentils processing works, vernacularly in local language known by MisirKik processing town. The climatic condition of the town is suitable for human life and as well as for any developmental activities. The average annual rainfall and temperature are 975mm and 16 c respectively. On average basis, the area covered by the town is found at 2560m above sea level. This indicates that the town is located in Dega/ high land dominated of climatic zone. Sandafa –Beke town is where different ethnic members of nation and nationalities of the country are amicably living together. The current population size of the town is known to be male 19,092 and female 18,037, and the overall number of population in the town is 37,129. The data organized above regarding the study area have been assessed from different government offices in the town.

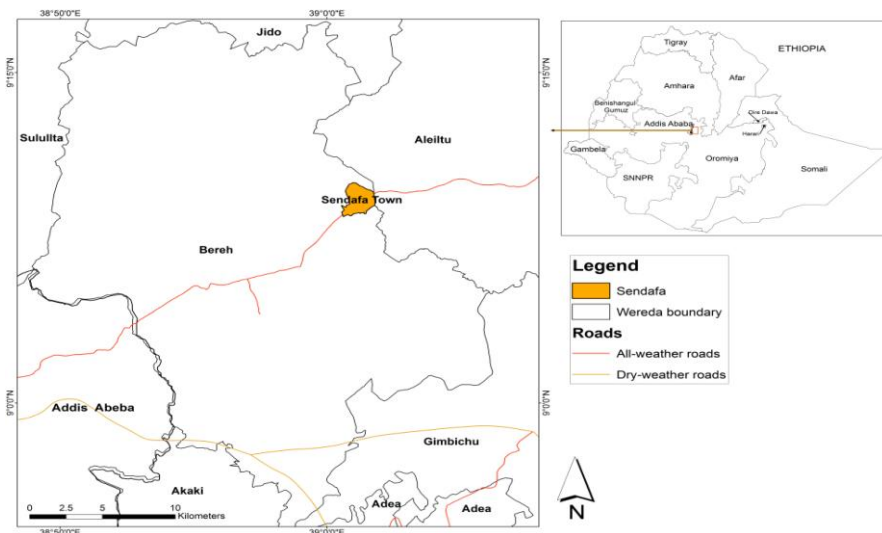


Figure 3.1 Map of the study area

3.2. Research Design and Approach

The study employed a mixed approach and generated both qualitative and quantitative data. A quantitative approach was adopted because the research aimed to test relationship of variables (Hair et al. 2003; Bryman 2008; Nachmias & Nachmias 2008). Meanwhile, a qualitative approach was also employed as the study explored sense-making by participants regarding a particular matter (Creswell 2008), to uncover information and to explore silent voices (Creswell 2007).

Furthermore, the mixed approach entails identifying the underlying relationships between small scale saving credit scheme and women income. A quantitative approach is one in which the investigator primarily used postpositive claims for developing knowledge (i.e., cause and effect thinking, reduction to specific variables and hypotheses and questions, use of measurement and observation). Qualitative research is the form of social inquiry that focuses on the way people interpret and sense of their experiences and the world which they live in. Researchers use qualitative approach to explore the behavior, perspective and experiences of people they study. In this research mixed methods approach was deemed to be most suitable and exploited to build up the thesis. Mixed methods approach is one in which the researcher tends to base knowledge claims on pragmatic grounds (e.g., consequence-oriented, problem-centered, and pluralistic) (Creswell, 2010).

3.3. Sampling Procedure

The target populations of this study are the women households who live in Sendafa town and credit beneficiaries. There are totally 120 beneficiaries. Yamane (1967:886) (cited by Israel 2013) provides a simplified formula to calculate sample sizes (equation 3.1). Moreover, using this formula he developed a calculated sample size table.

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

Where n is the sample size, N is the population size, and e is the level of precision. Using these formula 90 women beneficiaries were selected by simple random sampling.

3.4. Source of Data

The study used both primary and secondary source. The primary data obtained from households who got credit from KECMY through a structured questionnaire and interview. The questionnaire were pre-tested and improved on the basis of the results obtained from the pre-test. In addition to the questionnaire, informal discussions were made with women and staff of KECMY (coordinator, facilitator etc). The secondary data consisted of relevant information like the amount and purpose of credit sanctioned by the credit institution in the study area.

3.5. Instrumentation

The instruments that used in this study are questionnaire, interview and observation. To this end, the researcher has adapted standardized questionnaire that seeks answers about the contribution of micro-finance programs on women economic empowerment. Interview part has been the semi-structured one and designed by the researcher based on the literature review assessed on the contribution of KECMY micro-finance regarding women economic empowerment. To collect relevant data from the selected samples a questionnaire which consisted both open and closed ended questions had been applied. In order to get a reliable data from respondents both structured and unstructured (i.e., close ended and open ended type) questionnaires were prepared and administered to the target respondents. The questionnaire was prepared in English language; however, it was translated into the local language in order to make the questions clear, to avoid ambiguity as well as to be easily understood by the respondents. The data was collected by the researcher and other supporters who were briefly oriented on how to collect the data. Pre-test was administered in order to avoid difficulties that may arise and make some adjustments on the questionnaire.

3.5.1. Method of Data Analysis

For the analysis of the data, both quantitative and qualitative methods were employed. Correlation of variables has been conducted in order to identify whether there is a relation between variables before and after the loan. Descriptive statistics (such as percentage, mean, and frequency) were used in order to enhance and make meaningful analysis and interpretation of the research output and essential to measure the living standard of the women “before and after” the target groups have been accessed the loan from KECMY.

CHAPTER FOUR: RESULTS AND DISCUSSION

In this chapter, the results obtained have been discussed using both descriptive and bivariate analysis. The entire outcomes of the analysis have been consolidated in the following sections:

4.1. Contribution of Micro Finance

4.1.1. Demographic characteristics

Descriptive statistics explain the primary characteristics of quantitative data acquired during the data collection process to summarize the data (Hair et al. 2003). Descriptive analysis shows the average, and standard deviation of the different variables of interest in the study. It also presents the minimum and maximum values of the variables which helped in getting a picture about the maximum and minimum values a variable can achieve.

In order to ascertain the status of women who access micro finance services, the respondents were grouped into four categories that is, the married, single, divorced and widowed. Table 4.1 Indicates that 32.2% of the sample respondents were singles, 51.1% were married, 10% were divorced and 6.7% were widowed. Furthermore, the study sought the level of education attained by the clients; as a result, the respondents have been exhibited to have had different education levels namely: illiterate, primary, middle class and high school. Accordingly, most of the women have no formal education; about 46% of the sample respondents have no any formal education and are deemed to be illiterate; 15.6% have attended primary school, 21.1% had middle class level of education and the rest 16.7% are found to be attendants of high school.

Table 4.1 Marital status and education level of respondents

	Marital status				Education level			
	Single	Married	divorced	widowed	Illiterate	primary	Middle class	High school
Frequency	29	46	9	6	42	14	19	15
Percent	32.2%	51.1%	10%	6.7%	46%	15.6%	21.1%	16.7%

Source: Own Computation

The study also examined the age brackets of the women clients who mostly access microfinance services (figure 4.1). From figure 4.1 below, 43.3% of the total sample represented the age bracket of (36-45); 30% represented the age bracket of (26-35); 3.3% represented the age bracket of (<25) and lastly 23.3% represented the age bracket of 46 and above. In addition to this, 65.6% of the total sample represented have got a family size of between 4 and 5; 18.9% of the respondents owned more than 7 family members and the rest 15.6% of the respondent have below 3 family size.

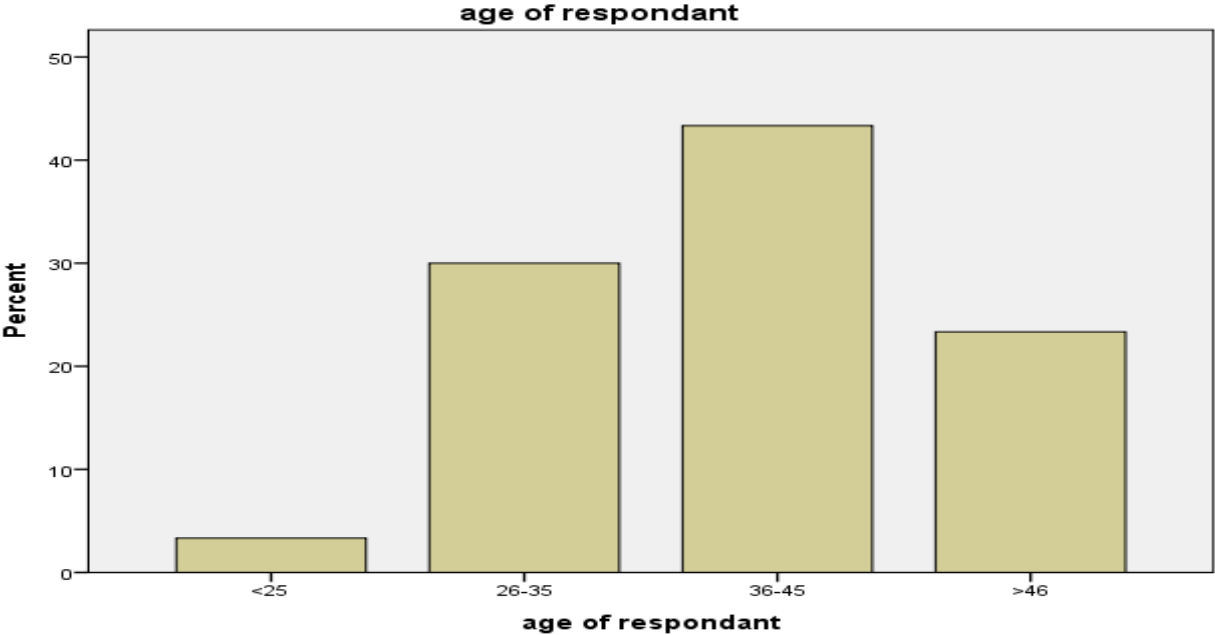


Figure 4.1 Age category of respondents
Source: Own computation

4.1.2. Contribution of Microfinance Services on women’s’ livelihood

The objective of the study was to investigate the contribution of microfinance in creating self-employment among MFIs women clients. To this connection, the study targeted MFIs and their past and present women clients of the saving and credit service that has enabled the researcher to have compiled relevant and reliable information. The gathering of the data utilized as an input to build up the research was exploited to have been administered with questionnaires and the findings were consolidated as follows:

4.1.2.1. Working Capital prior to Micro Finance Loan

The research examined if respondents had other source of start-up capital for their business before they obtained microfinance loans. According to the respondents, 95% of the women clients who started business did not have working capital before the loan, while 5% of them had working capital of around birr 1000-1500. The response from respondents indicates that the microfinance loan was their main sources of the initial capital as almost all women clients had no working capital from any other sources and thus, exclusively depended on the microfinance loans to launch the business ventures.

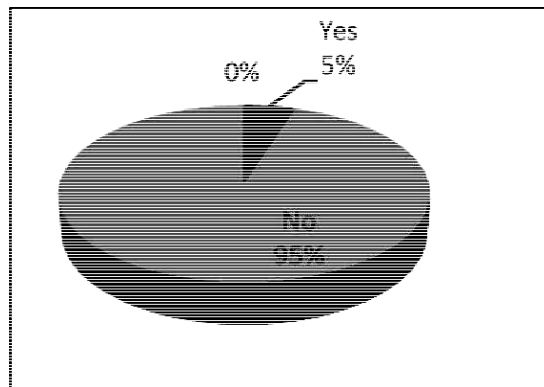


Figure 4.2 Description of Working Capital before Loan

Source: Own computation

4.1.2.2. Loan Taken by the Respondents

As shown in table 4.5, 16.7% of the respondents started their businesses with start-up capital ranges between 1000 – 2000 birr and 71.1% had a start-up capital ranging between 2100-4500 and the rest 12.2% of them started with a range between 4600 – 5000 birr. Moreover, 64.4% of the women's had taken training with related to their business; according to the women respondent this training helps much them on their career. The rest 35.5% of women's didn't take the training with their own personal reason.

Table 4.2 Description of loan size

Startup capital/loan	Frequency	Percent
1000-2000	15	16.7%
2100-4500	64	71.1%
4600 - 5000	11	12.2%
Total	90	100.0%

Source: own computation

4.1.2.3. Income before and after the Loan

Before the loan 52.2% of the women clients who started business had income below 200 birr; related with this out of the total that has income below 200birr, 23.4% did not have any kind of income before they got the loan. Unlike to this only 7.77% of the women have had income below 200 birr after the loan. In addition to this, the number of women who generate income between 1001 and 1500 birr increased from 1.11% to 20% before and after the loan respectively. Moreover, none of the women's had income above 2000birr before the loan, whereas, after the women have got the loan more than 27% of them can generate more than 2000 birr. Some of the women have even achieved the maximum of 6000 -9000 birr per month after they had got the loan (table 4.4). Furthermore, a paired t-test were conducted to compare the before and after loan income of the women; the result revealed that there is significant difference between the mean income of the women before and after the loan ($p < 0.05$); accordingly women's had better income after they got the loan.

Table 4.3 Description of Respondents Income before and after the Loan

Income category	Before the loan		After the loan		Mean		t	Sig.
	Frequency	Percent	Frequency	Percent	Before the loan	After the loan		
0-200	47	52.23%	7	7.77%	302.55	2042.33	-8.417	0.00
201-500	22	24.44%	14	15.56%				
501-1000	18	20%	16	17.78%				
1001-1500	1	1.11%	20	22.24%				
1501-2000	2	2.22%	8	8.88%				
2001-2500	-	-	7	7.78%				
2501-3000	-	-	3	3.35%				
>3000	-	-	15	16.64%				
	90	100%	90	100%				

Source: Own computation

4.1.2.4. Business Improvement and Diversification

From the pie chart it can be seen that 90% of the beneficiaries of the scheme has revealed that their business have improved through microfinance loans and there has been considerable diversification in their businesses as well (fig 4.3). Moreover, according to the respondents most of them are stopped buying on credit. 6% of the respondents were not certain because they had other sources of capital in addition to microfinance to boost their business while 4% of the respondents said no; they have not felt improvement or diversification in their business. However, to those who used part of their loans for their personal or family clothing, they believed that they realized a positive impact especially on their social status and living standard. This reveals that majority of women who accessed microfinance for business felt expansion and improvement in it.

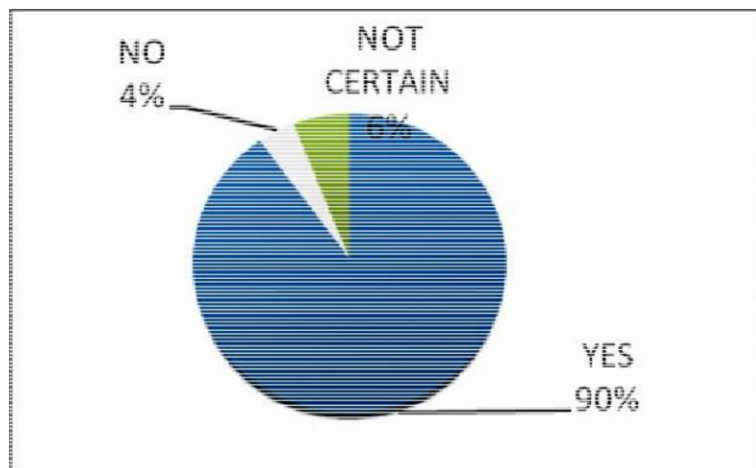


Figure 4.3: Improvement and Diversification in Business
Source Own computation

4.1.2.5. Increase in Asset Ownership

The study investigated the contribution of microfinance towards increase of asset ownership among MFIs' women clients. The respondents were interviewed regarding increase in ownership of assets/properties through micro financing. Accordingly, only 40% of the respondents had their own house before the loan, whereas the rest did not have their own house. In contrast, after the women accessed the loan more than half of the respondents had their own house which is a 55% increment in house ownership when compared to pre loan house ownership (table 4.8).

Table4.4: Description of house ownership increment

	Pre loan house ownership		Post loan house ownership		Increment
	Frequency	Percent	Frequency	Percent	
yes	36	40.0	56	62.2	55%
no	54	60.0	34	37.8	
Total	90	100.0	90	100.0	

Source: Own computation

4.1.2.6. Self-Employment

The respondents were also asked to rank how they feel about the contribution of micro financing in creating self-employment to them; hence, 80% of the sample population was able to employ

them fully after taking loans from MFIs and going through continues training. 20% of the sample population was able to partially employ themselves through the businesses due to inadequate working capital, others were working somewhere else and others relied on their spouses for additional incomes. Matovu(2006), in his study of microfinance and poverty alleviation in Uganda conducted that the generation of income is another ingredient and the majority of women interviewed responded positively that they had registered 77% increment in incomes while 11% noted a decrease, 7% remained the same and the 5% never answered to this question or gave another answer. Similarly in this study, the direct effect of KECMY is creating employment opportunity hence income (fig 4.4).

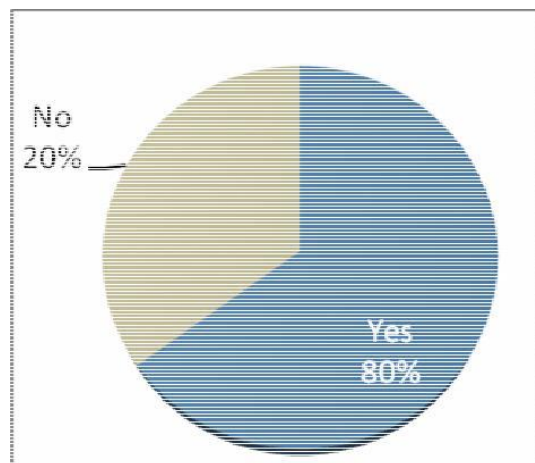


Figure 4.4: Self Employed Respondents
Source: Own Computation

4.2. Effect of Micro Financing on Living Standard

Quality of life could be measured in different ways; for the purpose of this research five indicators were identified: health service, education access, clothing, house style, and quality of food. Based on this, respondents asked whether it has improved or not their living standards. Therefore, all respondents representing 100% reported an improvement in their quality of food, 95.55 % reported an improvement in their clothing whilst only 4.45% said there were either no significant or relatively no change in their clothing. 90% of the respondents reported of an improvement in their education, this means they can fulfill the education expense for their children; whilst 10% said there was no improvement in their education, 81% reported an improvement in their housing whilst 19% reported no improvement, 76.6% reported an

improvement in health services whilst 23.4% reported no improvement (table 4.9). Furthermore, Clients who received funds also said that they enjoyed improved quality of housing. The major area of influence is the quality of room's facilities in the household living in one room. The improved housing quality kept on increasing with the number of loans a client got. As their incomes increased their quality of housing also increased. In addition to this using the amount of money got by micro finance and business they spent on children education. The clients were able to afford better education for their children. The quality of education for children increased with loans. Further, it is observed that diet of households improved over the years following continued access to financial services. For instance, those families having meat/chicken in their meals once in a month went up to 2 times in month. The information seems to suggest that an improvement in diet is perhaps the first area of impact of improved living standard at the household level. From the above findings it is evident that micro finance has had a positive impact on its clients.

Table 4.5: Effect of Micro Finance on Living Standards

Impact indicator	Improvement in health service		Improvement in education		Improved housing		Improvement in clothing		Improvement in quality of food	
	n	%	n	%	n	%	n	%	n	%
Improved	69	76.6%	81	90%	73	81.11%	86	95.5%	90	100%
Not improved	21	23.4%	9	10%	17	18.89%	4	4.45%	0	0%
	90	100%	90	100%	90	100%	90	100%	90	100%

Source: Own computation

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATION

The chapter contains conclusions arrived at in earlier chapters, and also detail the potential contribution and limitation of the study as well as the possible recommendations and suggestions consolidated for further studies.

5.1. Conclusion

The study investigated the contribution of microfinance on economic empowerment of women with a focus on MFIs microfinance services. In order to assess the contribution of microfinance on economic empowerment of women, the survey method was adopted where questionnaires were administered to the beneficiaries of the MFIs' services and MFIs staff. The data was analyzed using descriptive techniques such as frequency, mean, and percentages and results were presented relying on tables, bar and pie chart, and T test has also been used to assess the economic status of the women beneficiaries before and after the loan.

The findings of the study indicated that MFIs' and microfinance programs had contributed positively on the clients' businesses, improvement in their living standards, income, ownership of assets and social standing as a whole. Offering women a source of credit has been found to be a very successful strategy for alleviating poverty because it enhances the productivity of their own small enterprises and the income-generating activities in which they invest. Results detected included an increase in women's self-confidence and status within their families as well as income that can be used to improve their families' well-being through improved health and nutrition.

The results on the enterprise and asset level showed that majority of the target women group members have started businesses through the help of micro finances, which gave them profit, rise in business expansion and diversification in their projects. The findings also revealed that others used their micro finance loans to purchase assets and properties in their own name that enables them earn livelihoods. Furthermore, women access to microfinance has contributed on economic empowerment of women through employment creation to them; as 80% of respondents employed themselves fully after taking loans from MFIs.

Moreover, the study reveals that women access to microfinance improved their living standards;

over 73% of women respondents reported for an improvement in their quality of food, clothing, education, housing, health services and access to quality water. In general, from the above findings, it is evident that micro finance has had a positive impact on its client's living standard and hence economically empowered.

5.2.Recommendations

Based on the above conclusions, the following policy recommendations are suggested:

Firstly, MFIs should endeavor to extend more credit facilities to women clients to expand their businesses, since the results from the study confirmed that microfinance had considerable contribution to economic empowerment of women's lives.

Secondly, MFIs should provide more training programs to women in order to improve their entrepreneurial skills and help reduce the problems which hinder their access to microfinance.

Thirdly, Government should consider granting incentives to organizations which seek to extend more credit to women as a way of encouraging more women to access loan and empowering them.

Lastly, the study recommends further research to be done in order to assess the regional and nationwide contribution of microfinance programs on the economic empowerment of women.

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APPENDICES

Questioner

Thank you for agreeing to answer the questions. This questionnaire has been prepared as a main component of a master's degree of agricultural economics study on the impact of small-scale microfinance scheme on women economic empowerment. It is the belief of the researcher to promote good client service and provides accountability to donors and other external stakeholders. Upon this thinking, the researcher holds that your opinion will be vital to our policy makers and to the destiny of this country.

I request that you spare a few minutes of your precious time to complete this questionnaire. Your response will be treated with total confidentiality and will be used only for academic purposes.

A. QUESTIONNAIRE FOR BENEFICIARY

Section 1 PERSONAL DATA OF THE RESPONDENT

1.1.Name (optional).....

1.2.Age – less than 25 26-35 36-45 more than 46

1.3.Education – Illiterate Primary Middle Class High School
Diploma and TVET Degree Post Graduation and above

1.4.What is your religion? Orthodox Muslim Protestant
Catholic others (Please, specify of any) _____

1.5.Marital status Married Single Divorced Widowed

1.6.Kebele _____

1.7 location _____

1.8 Group size a. At the beginning _____ b. currently _____

1.9 Type of group business enterprise (at the beginning of the project)

Preparing and selling of food items Petty trading or retailing

Other (Please, specify of any) _____

1.10 In what activities you were engaged prior to the project?

Baking and selling of 'Injera'

Petty trading or retailing

Preparing and selling of food items

Daily laborer

Others/specify of any _____

Section 2 HOUSEHOLDS LEVEL: BASIC INFORMATION

2.1 Household Membership

o	Name	Relation to HH	Sex	Age	Occupation	Education level
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

2.2. Who take the decision in your family?

Myself Husband Male relative Female relative

Decision making shared between husband and me

2.3. Is/are any person/s who could not work because of disability or health problem?

Yes No

Section3. HOUSING FACILITIES:

3.1. Type of House _ Own Rented sharing

Others specify _____

If you have/ built own house when you built it?

Before joined KECMY After joined KECMY

3.2. Electricity service_ Yes No

3.3. Cooking Device _ .Electricity Gas Kerosene Oil Wood

Others specify _____

3.4. Drinking Water- potable water hand Piped Water

Combined Facility

Others specify _____

Section 4. MONITORING AND SUPERVISION

4.1. Was there screening among you to be a beneficiary of the Project?

Yes No

4.2 If yes, what are the criteria? _____

4.3. Who took the mandate in the group formation?

Ourselves Others

4.4. If KECMY and/ or 'Kebele' staffs handled the group formation, how easy was it for you to

join a group? Very easy Easy Relatively easy

Relatively difficult Difficult Very difficult

4.5. How frequently does your group normally meet?

Weekly Bi-weekly Monthly No formal meeting

No meeting at all Other /specify _____

4.6 If no formal meeting, for what condition you meet?

Only to give or collect money Only when we face a problem

Other/specify _____

4.7. Do you think it is necessary and appropriate to meet so frequently?

Yes No

4.8. If yes, why? _____

4.9. If no, why not? _____

4.10. How regularly do KECMY staffs supervise your business enterprise?

Weekly Bi-weekly Monthly Bi-monthly

Semi-annually Annually Other /specify _____

4.11. Do you think supervision of the business enterprise is useful?

Yes No

4.12. In your opinion, the supervision of business enterprise by KECMY staff satisfactory?

Yes No

Section 5 TRAINING

5.1. Have you been given training by KECMY?

Yes No

5.1. Have you been given any kind of training before you joined KECMY?

Yes No

5.2. If yes, specify the kind of training given to you?

Business and marketing training saving and credit training
 Book-keeping and record training Other/specify _____

5.3 Do you think that the training given by KECMY has helped to increase your income?

Yes No

Section 6 INCOMES, ASSET AND WEALTH

6.1 Did you have any source of income for your family before you joined KECMY?

Yes No

6.2 If yes, state the source/s and level of income you get per month

o	Income of the respondent/ woman	Husband income	Other family income	Level of income in birr
1				
2				
3				
4				
5				
Total				

6.3. Do you have income, last 12 months in the group business?

Yes No

6.4 If yes, would you tell me your income for each month for the last 12 months?

Janu	Febr.	March	April	May	June	July	Aug.	Sept.	Octo.	Nov.	Dec.

6.5 Do you have other source of income after you joined KECMY?

Yes No

6.6 If yes, specify the source/s and level of income monthly?

No	Income of woman from (KECMY) loan of group capital	Income of woman other than KECMY	Husband income	Other family income	Level of income in birr
1					
2					
3					
4					
Total					

6.7 In what type of business/ activities you involving other than group business? _____

6.8 Did you have any asset before you joined KECMY?

Yes No

6.9 If yes, specify the estimated value of your assets?

No	Item	Amount owned	Average value in birr
1			
2			
3			
Total			

6.10 Did you have any asset after you joined KECMY?

Yes No

6.11. If yes, what are the estimated values of your asset after you joined KECMY?

No	Item	Additional Amount owned	Average value in birr

1			
2			
3			
4			
			Total

6.12 How much was the estimated monthly consumption expenditure of your household before you joined KECMY? _____ birr

6.13 Who was the bearer of consumption expenditure before you got access to you joined KECMY?
 Myself Other family members Myself and other family members
 Relatives other/specify _____

6.14 How much money does your household spend per month for food consumption purpose after you joined KECMY? _____

6.15 Who covers food consumption expenditure after you joined KECMY?
 Myself other family members myself and other family members
 Relatives other/specify _____

6.16. If there is increase in food consumption expenditure after you joined KECMY, associated with what?
 Rise income Rise family size Rise of price of food items
 Other/specify _____

6.17. If an increase of consumption expenditure associated with KECMY, do think that the nutritional status of your family has improved?
 Yes No

6.18. How many times your family feed per day? _____

Section 7 BENEFICIARY'S ACTIVITIES

8.1 How long your activities on group business
 Full day By Shift No Schedule
 Other (specify) _____

8.2 How much you lost from other activities because of you spent full day in group business activities? _____ birr Don't know

8.3 What is/are current problem/s in the group enterprise? Please rank them from the most severe problem to the least severe problem. Give 1 for the most severe problem and continue in the same procedure.

No	Problems	Rank
1	no sales-house to selling our produce	
2	no storehouse for produce	
3	High transportation cost to supply our produce to the market	
4	lack of inputs for enterprise activities	
5	lack of capital	
6	lack of harmony	
7	lack of credit	
8	other (specify)	

Section 8. LOAN

9.1 Do you have access to credit other than KECMY? Yes No

9.2. If yes, from where?

Microfinance institution Individuals

Other (specify) _____

9.3 Do you have access to credit from KECMY? Yes No

9.4 How much is the loan size from group capital?

_____ Birr Don't know

9.5 Is the loan size adequate for the intended purpose? Yes No

9.6. Do you usually pay back the credit obtained? Yes No

9.7. If yes, how often? Daily Weekly Monthly
Yearly other (specify) _____

Section 9. INFORMATION ON SAVING

10.1 Did you have a saving account before you joined KECMY? Yes No

10.2 If yes, what was your estimated monthly saving? _____ Birr

10.3 Do you have a saving account after you joined KECMY? Yes No

10.4 If yes, specify the type and amount of saving

No	Type of saving	Amount own saving in birr/month
1	Compulsory	
2	Voluntary	
Total		

B. INTERVIEW FOR BENEFICIARY’S HUSBANDS

1. Name:.....
2. Address/Location.....
3. Name of wife (client).....
4. How old are you?
5. Are there other wives?
6. Who is head of the household?.....
7. How many children do you have?.....
8. What is your faith?.....
9. Do you have a regular income?.....
10. Since your wife has received credit, has something changed regarding her contributions to the household income?.....
11. Since your wife received a loan, what has changed in her activities?.....
12. .Would you say that she, as a person, has changed?.....
If yes, how?.....
13. In general, are you happy or unhappy that your wife receives a loan?.....

