CHAPTER ONE

INTRODUCTION

* 1. BACKGROUND OF THE STUDY

Women in Ethiopia as anywhere else occupy low status in the society. Although they represent 49.5 % of the population and contribute mainly to food production and other, they have not shared the fruits of development equally with their male counterpart. Rights such as, access to land, credit and other productive resources are difficult for women to attain. They also experience multiple forms of other deprivations such as longer working days, women specific ill health, low levels of education relative to men, and lack of adequate representation in leadership and decision making positions. To alleviate such chronic problems, micro and small enterprises, among others, proposed to play a pivotal role in the socio-economic development of a nation particularly for poor women.

In this regard, the idea of using credit facilities as one of the development instruments for rural and grass roots development started in 1950s when agricultural credit was considered as a key component of the extension package to boost agricultural production in today’s developed countries. In line with this, during the 1970's most Western developed experts encouraged donors and governments adopt the developed countries experiences in the situation of the developing countries rural development strategy via rural financing (Hailu Wondafrash, undated).

As many studies show that the program failed due to the absence of sustainable strategy and prudentially institutional financial services that address the needs of the productive poor, mainly poor women. This puts sustainability and ensuring of accountability / financial prudence as the main agenda for the establishment of pro-poor women solid micro finance industry (Ibid).

Due to the failure of conventional rural finance designed by developed nations and emerging of urban chronic poverty and unemployment where women are the majority especially in the third world, innovative financial service to fight poverty and pro-poor women approaches started in late 1980's by Grarmeen Bank of Bangladesh and become popular among developing countries (Ibid).

In this context, Ethiopian modern financial service has been a recent phenomenon. Its history dated back to the beginning of 20th century. Despite of its recent practices, it has passed different phases without benefiting the poor, particularly women who are in the disadvantageous positions in the society. Since women are stereotypically seen and expected to do household chores, their activities, particularly their dependent economic activities, faces resistance. Until recent time, most women were not property owners and did not have the right to control over resources or access to credit. Even, women who exhibit an entrepreneurial spirit are not able to establish a small business or expand an existing one for lack of financial resources. Even they were unable to get loan on the bases of ‘arata’ (Amharic word;-means borrowing money from individuals) because of lack of property for collatering.

Due to these facts, women are the poorest of the poor. It is not sufficient enough to simply admit that poor people are both men and women. A study made by EEF 2006, stated that poverty has been more complexly gendered as men and women are poor for different reasons, experiences poverty differently and have differing capacities to understand and or escape poverty (Kiflu, 2006).

Hence, gender inequality and power relation interact with other inequalities and power relation to produce these differences. Gender based power relations experiences poverty differently and more forcefully than men do. As a result, poverty is chronic among women because of gender inequality in the distribution of income, access to productive inputs such as credit, command over poverty and control over resources.

The Government of Ethiopia favors individual initiatives for self reliance and employment and income creation. The government of Ethiopia to materialize this idea developed rural and urban economic development policy recognizes micro financial services as one of the instrument to stimulate individual initiatives and productivity in both rural and urban communities particularly for poor women.

At present, financial institutions were established in almost all regional states in the country to deliver micro credit services for interested individuals or organizations. In these initiatives, unleashing the potential of Ethiopian women is the central to the strategy of micro finance institutions (MFI). The MFIs in most regional states have developed gender sensitive policies products and mainstream their activities to meet the growing needs of poor women.

* 1. STATEMENT OF THE PROBLEM

A study made by United Nations Development Programme in 2007 indicated that more than a billion people in the world, the great majority of whom were women, had been in a harsh condition of poverty mostly in developing countries.

The situation is either the same or worse in developing countries. For example in Ethiopia, out of the total estimated of 80 million population, about 39 million i.e. 49.5 percent are women (Central Statistics Agency; Population Projection, 2010). In spite of comprising about half of the population, women in Ethiopia are clearly in a disadvantageous position in all respects as compared to men; they benefit less from social services and hold inferior positions in all economic, political, social, and cultural affairs. Statistics show the existence of more illiterate women than men (51 per cent men and 66 per cent women) and women are less represented at all levels of education, especially in higher education (FDRE; Ministry of Education, Annual Statistical Abstract Report, 2007).

Women’s participation in the economic sphere is also narrow and largely confined to domestic work and low paying menial jobs in the informal economic sphere, making them largely reliant on men for economic support for themselves and their families. Despite all the hardship women face, their valuable contribution has never been calculated in the national GDPs.

Be that as it may, there is a common understanding among the majority that women could become a great resource in the country’s development process if they are properly mobilized, organized and economically empowered. So far a number of plans, programs/projects, strategies have been developed and being implemented to bring about gender equality and economic empowerment of women in the country. One of the strategies accepted and being implemented in the country to alleviate women’s chronic problems is the development and promotion of micro and small enterprises owned and run by their own. These are proposed and being expanded to play a pivotal role in the socio-economic development of a nation particularly for poor women. Along with this strategy, extended efforts have been expended for poor women to have access to credit and financial services so as to enable them to start and run their own businesses, and ultimately making them self-reliant and economically empowered.

To this effect, in almost all regional states of the country, a number of micro- finance institutions have been established to deliver micro credit services for interested individuals or organizations. In these initiatives, unleashing the potential of Ethiopian women is the central to the strategy of micro finance institutions.

However, studies that critically assess the impact of micro-finance on women’s economic empowerment are so far limited in the country. This is perhaps due to the fact that both micro-finance development and priority attention to women’s economic empowerment are new, and are now currently recognized as important strategies in the process of policy development in Ethiopia.

Therefore, this study is intended to generate evidentiary information about the impact of micro-financing on the economic empowerment of urban poor women, based on a case-study of women microfinance clients in Addis Ababa, the capital City of Ethiopia and thereby try to answer the following basic research questions:

1. Are there terms and conditions which could limit women’s access to micro-credit and financial services in Addis Microfinance Institution?
2. What impacts (social & economic) are being observed on the part of poor women clients who are accessing micro credit through Addis Microfinance Institution?
   1. OBJECTIVE OF THE STUDY
      1. GENERAL OBJECTIVE

The general objective of the study is to assess the contribution of microfinance institution in the reduction of the prevailing poverty in the country, and thereby enhance the involvement of women in the efforts towards building a middle-income country through economic and social empowerment.

* + 1. SPECIFIC OBJECTIVES

The following are the specific objectives of the study;

* To assess the impacts of micro credit service on the social and economic status of poor women
* To discover some challenges on the part of poor women’s clients in relation to terms and conditions of the services of microfinance institution
* To assess the demand and current constraints and gaps of the MFIs in the supply of financial services to the poor women
* To suggest some practical recommendations on the basis of the findings of the study
  1. SCOPE OF THE STUDY

The study focused only on one Microfinance Institution found in Addis Ababa. One of the reasons the researcher gave much emphasis on assessing one MFI had been the prevailing high interest vested on him to deeply investigate an institution so as to identify the inherent facts in relation to its services of microcredit and its impacts particularly on poor women. The second reason had been due to the financial, time and administrative constraints the researcher could have faced in carrying out a research that encompassed a wide geographical coverage and all or some MFIs established in Ethiopia. The target populations were poor women clients accessing to Addis Credit & Saving Institution in Addis Ababa since 2008, of which, a specific sample had been taken. The study has been more of a case study than survey that needs small units of subjects to be involved in the study.

* 1. LIMITATION OF THE STUDY

The results obtained from the current study could not be generalized at national level as the information gathered was from limited data sources in terms of geographical coverage and types of data sources.

Other factors or variables that contribute for the economic empowerment of women other than micro credit such as education of husband, assets of husbands, income of husband, etc. were not considered in the study. So it seemed that the study was limited in such cases.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The second chapter of the study focuses on the critical review of some of the previous studies in order to delimit the research problem and avoid unfruitful and useless problem areas. This chapter has been sub divided in different sub-titles under which a brief review has been done in the areas.

2.1. ECONOMIC EMPOWERMENT

Kabeer (1999) stresses that women’s empowerment is the process to acquire the ability from which those who have been denied the ability to make the strategic life choices. Her emphasis that ability to exercise choice incorporates three interrelated dimensions: Resources, Agency and Achievements. According to UNIFEM, “to generate choices, gaining the ability and exercise bargaining power”, “developing a sense of self worth, to secure desired changes, belief in one’s ability and the right to control one’s life” are important elements of women empowerment. Women will be empowered when they will have full control over their own life.

CARE organization also conducted a field research to identify some definition of women’s empowerment. Hence, participants were asked to give *their own definition* of an empowered woman. In all the four countries where their first round of research was done, four elements were common to participants’ definitions. What elements form this crucial core? According to their respondents in India, Ecuador, Bangladesh and Yemen, an empowered woman has to; have notions of self-worth and dignity (individual); have bodily integrity, freedom from coercive forces over a woman’s very body (individual and structure); control and influence over household and public resources (structure and relations); and have experience with or appreciation of the value of collective effort and solidarity among women (relations). (CARE’s Bulletin, Women’s Empowerment, undated)

The International Labour Organization (ILO) (2002, in Kessides, 2005) sees a strong link between the vulnerability of impoverished women to underemployment and low returns on labour, especially since most employed women are part of the informal economy. In one study conducted in Africa it was found that 92 per cent of job opportunities for women outside of agriculture were in the informal economy (Kessides, 2005). This exposes poor women to greater financial risks, lower standards of human development and limited access to resources from social institutions (Women in Informal Employment: Globalizing and Organizing – WIEGO, undated). Many studies have recognized the importance of economic empowerment in improving the status of impoverished women.

Buvinic (1996) states that “the most straightforward vehicle to ‘empower’ poor women is to increase their productivity in home and market production and the income they obtain from work.” The ILO in Kessides, 2005) has proposed various strategies to combat this problem, such as increasing women’s access to land and other assets.

Mahmud (2003) contends that providing security of tenure will encourage more women to use their domestic space for income-generating activities. Other recommendations include investing in human capital such as training for productive employment, providing financial resources with a focus on credit, expanding wage employment opportunities, improving social protection for female workers and empowering women through greater organization.

Income-generating activities are seen as “entry points for channels of communication and vehicles by which women can meet their needs” (Rogers and Youssef, 1988). They provide effective ways to address inequalities in the areas of health, education and poverty alleviation. Many researchers have recognized that improvements in health care, nutrition and education can only be sustained with an increase in household income and greater control by women over financial resources (Hashemi, 2004).

Economic empowerment projects usually focus on income-generating activities, which allow women to independently acquire their income. 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 (Albee, 1994).

In the majority of the cases, the women's businesses contributed a substantial amount of the household income. Especially, in cases where the women are household heads; their businesses were the sole sources of income for the households. They were able to provide for the basic needs of families, i.e., food, clothing, health, educations, etc. Besides, there has been a substantial positive impact on the household income of rural women. Most women in other study (74%), especially in rural areas (about 90% of frequent borrowers), have been able to expand their businesses (Tsehay Tsegaye and Mengistu Bediye, 2002).

Most women have been able to send their children to school. Over 94% and 57% of clients in urban and rural areas, respectively, sent their children to school. Some women have been able to improve their diet. About 70% and 89% of the frequent borrowers in urban and rural areas, respectively, improved their diet. Most women clients indicated that they had access to the income generated from their businesses.

The women clients gained ownership over any asset they bought from the proceeds of the loan. Only few clients (about 2% and 8% of new and frequent borrowers, respectively) had to give the loan proceeds to their husbands. This is critical for women as it reduces economic vulnerability.

In some cases, the involvement in the savings and credit programs has enabled women to gain access to goods (like jeweler) and services that were out of their reach before they started the enterprises.

They reported that now they don't need to beg money from their husband to buy panties and head cover. Such statements were some of the ways that the women related their economic empowerment.

The households were able to cope with temporary difficulties or crises situations because of the saving deposits they maintain with the MFIs. Migration of rural women, especially young women involved in the programs, has been minimized.

Other studies also stressed the provision of credit and saving for economic empowerment of poor women. Accordingly, 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. Mayoux (2000) highlights the three recognized models of microfinance programmes:

FINANCIAL SELF-SUSTAINABILITY: According to Mayoux, this is the most popular model and used by donor agencies such as the United States Agency for International Development (USAID), the World Bank and the United Nations. It provides microfinance services to a large number of poor women, specifically targeting small entrepreneurs by setting interest rates to cover costs, enabling separate accounting from other interventions, expanding programmes to obtain economies of scale and decreasing costs of delivery through the use of groups.

POVERTY ALLEVIATION: This model focuses on small savings and loan provisions to aid in consumption and production.

FEMINIST EMPOWERMENT: This model is based on examples of some of the earliest microfinance programmes in Bangladesh and India, focusing on gender equality and women’s human rights through microfinance, and empowering women economically and socially.

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 (Goetz and Gupta, 1996). Hashemi et al. (1996) also argue that credit programmes have been successful in providing “… a cost-effective means of transferring scarce resources to the poor through women.” The most successful of these schemes – the Grameen Bank, the Bangladesh Rural Advancement Committee (BRAC) and the Self-Employed Women’s Association (SEWA) in India – have served as models for other programmes worldwide. Nanda’s (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 indicated that participation in economic activities was more valuable for empowering a woman than household income or socio-economic status. Rogers and Youssef (1988) also recognize the importance of group savings programmes and cooperatives as a catalyst for empowering women. These programmes not only allow impoverished women to interact with one another; they also create an exchange of ideas and information, increasing women’s ability to earn a greater income and allowing for a more flexible work environment where they can rely on other women for support on matters such as childcare.

But there has been a recent re-evaluation in response to the perceived faddishness of microfinance projects. Hulme and Mosley (1996, in Morduch, 2000) believe that the current state of microfinance programming has “…abandoned innovation, and is leading to a growing uniformity in financial interventions.” Many academics also argue that these programmes are not effective in truly empowering women (Cheston and Kuhn, 2002; Goetz and Gupta, 1996; Mayoux, 2000). They believe that there is a lack of substantial training and support services and a need to provide women with greater ownership and control in the programmes. There is also recognition that employment and education are necessary but insufficient conditions for women’s empowerment (Dunford, undated; Malhotra, 2002; Mayoux, 2000). Critics contend that microfinance programmes only marginally increase access to income and that they have a limited impact on household decision-making. They argue that many of these programmes have not been able to move women into profitable non-traditional forms of entrepreneurship (Goetz and Gupta, 1996) and that most of the women involved in credit savings programmes remain in low-value traditional work in the informal sector. Thus, they have limited involvement in more profitable commercial markets.

White (White, 1991, in Goetz and Gupta, 1996) suggests that microfinance projects tend to equate women’s poverty with income, not sufficiently emphasizing the inequality in relationships and institutions. This is underscored in the study conducted by Malhotra et al. (2002), which highlights the historical and developmental context of a woman’s place in society and the importance of “fundamental structural matters involving family, social and economic organization.” Thus, critics have drawn attention to the need to focus on the structural factors that perpetuate the economic marginalization of the poor (Goetz and Gupta, 1996).

Khan (1999) stresses the importance of wage employment over credit for women. His findings show that wage employment helps in promoting economic and social empowerment, providing women with more stability, a collective workplace and more control over their income. He also emphasizes its ability to assist in expanding a woman’s mobility by providing her with different life experiences beyond her home environment so that she is able to gain bargaining power, meet her practical needs, improve the quality of her life and address her long-term goals.

2.2. SOCIAL EMPOWERMENT

With regard to social empowerment, the results of some studies seem to confirm that the decision making role of women has been improved. Households with women decision makers represent the largest proportion (32%) on the question of personal empowerment; all of the women interviewed felt much greater self-esteem and satisfaction due to the fact that they were able to run their own income generating activities. They felt pride in their role of generating income from their families. In some of the cases, they said that they have now gained a new independent identity and that they will never go back to their original position.

The group-based credit delivery modality has also created opportunity for the women to come together, discuss their problems, and exchange ideas about their roles as mothers and entrepreneurs. It gives women a chance to make contact and network and to learn from experiences of others and many groups seem to have empowering potential. Some of the Women indicated that they now help each other better in times of difficulty because they are financially better off and they understand each other's needs and problems very closely (Tsehay Tsegaye and Mengistu Bediye, 2002).

The study of Meehan (2001) also indicated that there was clear differentials in impact related both to gender and whether clients were urban or rural based. Women took consistently lower loans than men, and were less likely to report themselves as considerably better off as a result of taking credit, initial resource differentials, such as lack of land, labor and other inputs, certainly play a part in this, with women headed households particularly those who were less likely to have oxen and to farm their own land. These are two key indicators of productive capacity and wealth in a subsistence agricultural economy. The study of Meehan (2001) concluded that the provision of financial services to the poor has a crucial role to play in providing household food security and alleviating poverty. But this role must be seen in the context of development of the overall economy, in which policy environment and priorities, infrastructural development, government and private sectors investment, all play their part.

2.3. HISTORICAL BACKGROUND OF MICRO FINANCING

A number of studies indicated that the history of micro financing could be traced back as long back as to the middle of the 1800s when the theorist Lysander Spooner was writing over the benefits from small credits to entrepreneurs and farmers as a way getting the people out of poverty. But it was at the end of World War II with the Marshall plan the concept had a big impact.

Nowadays, the use of the term ‘micro financing’ has its roots in the 1970s when organizations, such as Grameen Bank of Bangladesh with the microfinance pioneer Mohammad Yunus, where starting and shaping the modern industry of micro financing. Another pioneer in this sector is Akhtar Hameed Khan. At that time a new wave of microfinance initiatives introduced many new innovations into the sector. Many pioneering enterprises began experimenting with loaning to the underserved people. The main reason why microfinance is dated to the 1970s is that the programs could show that people can be relied on to repay their loans and that it´s possible to provide financial services to poor people through market based enterprises without subsidy. Shore bank was the first microfinance and community development bank founded 1974 in Chicago.

An economic historian at Yale named Timothy Guinnane has been doing some research on Friedrich Wilhelm Raiffeisen´s village bank movement in Germany which started in 1864 and by the year 1901 the bank had reached 2 million rural farmers. Timothy Guinnane means that already then it was proved that microcredit could pass the two tests concerning people’s payback moral and the possibility to provide the financial service to poor people.

Another organization, The Caisse Populaire movement grounded by Alphone and Dorimène Desjardins in Quebec, was also concerned about the poverty, and passed those two tests. Between 1900 to 1906 when they founded the first caisse, they passed a law governing them in the Quebec assembly; they risked their private assets and must have been very sure about the idea about microcredit.

2.4. WOMEN AND MICRO-FINANCE BEFORE AND AFTER (1996) THE

ISSUANCE OF THE MICRO-FINANCE LAW IN ETHIOPIA

2.4.1. WOMEN AND MICRO-FINANCE BEFORE THE ISSUANCE OF MFI LAW IN ETHIOPIA

The Majority of poor women in Ethiopia had no access to financial loan services before the appearance of MFIs. Even after their appearance particularly those run by NGOs, the beliefs of policy makers, government experts and researchers were completely different from the present, by that time, the poverty-stricken women were considered as too indigent to save. Not only that NGOs and government projects involved in micro-credit programs were not interested in establishing sustainable institution that deliver diversified financial services to poor women, the real interest rates in these micro-credit programs were negative as they were considering the loan as gifts instead of loans, as a result, the lending required a permanent subsidy to be sustainable. Besides, donors were considered as the only source of loan funds (Wolday Amha, 2003).

Due to the above main and other additional reasons the poor in general, the poor women in particular, were facing complex problem in accessing the MFIs services as any lending scheme first of all should be designed to be self sustaining. In general, the agricultural and industrial development bank, NGOs and cooperatives in Ethiopia, which were delivering financial services to the urban and rural poor before the issuance of regulatory law in 1996, had not been in reality financial intermediaries, rather they were tools of distributing donor or government funds to target group of people in order to increase their production and incomes (Hailu Wondafrash).

This wrong way of approaching the poor women undermine their capacity and created dependency that the poor women were unable to own their small business activities efficiently which of course was also contrary to the development goals of the country. Given these problems of default in the ADB, NGOs and the collapse of the services cooperatives in Ethiopia, it was time for the policy makers and individuals involved in development activities to rethink and redesign sustainable institutions. This required a redefinition and reorientation of the mission, vision and objectives of the lending institutions that usually provided only micro-credit services (Wolday Amha, 2003).

2.4.2. WOMEN AND MICRO-FINANCE AFTER THE ISSUANCE OF MFI’s LAW IN ETHIOPIA

After the issuance of the Micro Finance Institution Law at country level, some studies showed that remarkable improvements in the services of microfinance institutions and in the lives of women have been started to be observed. Accordingly, using household survey data from 15 villages, collected between 1989 and 1995 in rural Ethiopia, Dercon's study (1999) found that access to infrastructure, education, and land ownership as important variables to explain the households’ coming out from poverty. The results of the study also indicated that more female heads and elder people stay poor or experienced larger poverty compared with male and younger people. Dercon (2000) further stated that there were signs of consumption, poverty reduction and rapid improvement in primary enrolment rates. The results also suggest improvement in primary health care delivery. The study of Dercon and Krisnon (1998) also bring out that household with substantial human capital and physical capital, and better access to roads and town have both lower poverty levels and are more likely to get better off over time. Human capital and access to roads and towns also reduce fluctuations in poverty across the seasons. The study also reports that households with better physical capital endowment, in terms of land and oxen, had lower poverty levels and saw larger poverty declines although there and no detailed studies on the impact of the delivery financial services on poverty, it can be logically concluded that if poverty declined as a result of better physical capital endowments and if the delivery of financial services as indicated earlier provides opportunities to increase income and assets, then it is clear that the micro finance intervention contribute to the decline of poverty in the country (Wolday Amha, 2003).

The study of Tsehay and Mengistu (2002) also indicates that women micro enterprise operators that were beneficiaries from micro finance services did not emerge as a result of entrepreneurial drive that were the result of unsatisfied household subsistence needs. The business ideas were copied from family members, neighbors, etc. (Women micro enterprise’ operators lack entrepreneurial aptitudes, technical skills, and diversity). They are involved in low-risk activities, to avoid indebtedness. Unfortunately, women client dropouts are relatively high. The study also reveals over 84 percent and 62 percent of the woman borrowers who took repeated loan in rural and urban areas, respectively, contributed a substantial amount of the household income. Over 46 percent of frequent women borrowers in rural areas and 38 percent of the frequent women borrowers in urban areas indicated that they had control over the income generated from their businesses. As a result of access to financial services, women clients said that they gained ownership over any asset they bought as a result of the financial facilities available. Households were able to cope with temporary difficulties or crisis situation because of their savings and income they generated from their enterprises. About 3.4 percent of rural and 22.8 percent of urban borrowers who took repeated loans indicated that though the loan is in their name, the money was actually used to the welfare of their husbands or sons and they have not benefited much from it. This has resulted in the social empowerment of all women interviewed because they felt much greater self-esteem and satisfaction due to the fact that they ran their own income generating micro entities for the welfare of their families (Tsehay, Tsegaye and Mengistu Bediye, 2002).

CHAPTER THREE

SYNOPSIS OF ADDIS CREDIT AND SAVING INSTITUTION AND DESCRIPTION OF THE STUDY AREA

3.1. SYNOPSIS OF ADDIS CREDIT AND SAVING INSTITUTION

3.1.1. ESTABLISHMENT AND ITS GEOGRAPHICAL COVERAGE

Addis Credit and Saving Institution (AdCSI) was established in accordance with the proclamation No.40/88 in 2000 by six shareholders in order to give full support to micro and small scale business operators in Addis Ababa (AdCSI’s Bulletin, 2008). AdCSI has been established to provide financial and non-financial services in Addis Ababa and surrounding areas particularly in Oromiya Special Zones like; Burayu, Sebeta, Suluta, Sendafa, etc. According to the bulletin, the institution has 10 branch offices, 99 service delivery posts (Kebeles) and opening other branches in areas where there is high demand for its services. Since its establishment, the company has been giving mainly credit, saving and counseling services. Its experience in the area has given the chance to develop different services like third party fund management. AdCSI has been improving its policies from time to time so as to make it adjustable the external environment and make its services convenient to clients and for those working with the institution.

3.1.2. MISSION AND ORGANIZATIONAL OBJECTIVES

Owned by six shareholders namely; Addis Ababa (AA) City Administration, AA Women Association, AA Youth Association, AA Teacher Association, Karaalo Akababi Hulgeb Peasant Association and One Physical Person, AdCSI has set its organizational mission towards promoting micro and small enterprises (MSE) existing or those to be established in future to alleviate poverty and unemployment prevailing in Addis Ababa territory through the provision of sustainable financial and other related service with particular attention to poor women(AdCSI, Bulletin, 2008).

AdCSI has also identified specific objectives to meet the above mission. Accordingly, its organizational objectives are; Provision of credit and services to as many active poor as possible, Enhance the development of micro and small enterprises; that all entrepreneurial activities with scale of micro and small should be given access to financial services, Give priority to women in the provision of financial services, Enhance the culture of saving by the target group and the public at large, Create long term self- employment in income generating activities, etc.(Ibid.)

3.1.3. GOVERNANCE

As the per the commercial code of Ethiopia, next to the general assembly of share holders, the highest and the decisive governing body of AdCSI is the Board of Directors.

The Members of the board of directors are elected in the shareholders’ general assembly even though the Addis Ababa City Administration is the main shareholder (96.7% of paid up capital). The current board of directors is composed of 7 individuals having various levels of educational backgrounds, out of which, three have second degrees and the rests have first degree. Representatives of the Board Member are drawn from bureau of Trade & Industry, AA City Design & Building Administration, MSEs Development Agency, Teacher Association, Housing Development Project Office, Women and Youth Association.

The Board is responsible for policy issues, directions approving plan budget, appointing the general manager & auditors.

* + 1. OPERATIONAL MODALITIES, PRODUCTS AND PERFORMANCE

As indicated in its internal policy document, AdCSI has followed solidarity group lending methodology in the first two years of its operation in Addis Ababa. Then after, starting from the mid year of 2004, changes in the policies, procedure and methodology of the institution had been introduced. Accordingly it started providing individual loan on personal guarantee and /or collateral basis. Cooperatives and Joint Ventures are also entertained on the same line. According to the same document, there are six types of loan products. These are Micro Business Loan sometimes called General Loan, Small Business Loan, Micro Lease loan, Housing Loan, Consumer Loan and Short Time Loan. The following table shows the type of services, criteria, loan size, Maximum Term in months, Interest Rates, etc. of the Policy of the Institution.

The performance report of the institution since its establishment revealed that more than 235, 000 clients had got the financial services from AdCSI, of which, the majority were women.

* + 1. SERVICE DELIVERY CHANNEL

AdCSI reaches its targets groups through the ten branch offices established at sub-city level and service delivery posts established in 116 Kebeles‡ and seven micro banks branches. Added to this, there are credit and saving committees to selected clients.

On the other hand, AdCSI has networked with the City Administration’s MSE Development Agency to link the credit service with Business Development Services (BDS) and disseminate information to operators.

To encourage saving mobilization, loan collection, conduct proper client selection, loan appraisal and provide well organized advisory, AdCSI has established Client Counseling which helps the institution to access all existing and potential clients.

* 1. DESCRIPTION OF THE STUDY AREA

Established in 1886 and with four million populations (CSA, 2007 Census Report, Population Projection of 2011), Addis Ababa is one of the oldest and largest cities in Africa. At an average altitude of 2400 meters, it is also one of the highest Cities in Africa. Being the capital of a non-colonized country in Africa, it has been playing a historic role in hosting the regional organizations such as the Organization of African Unity / African Union, and the Economic Commission for Africa, which contributed to the decolonization of African countries, and later bringing Africa together. Furthermore, more than 90 embassies and consulates and several other international organizations have their head quarters and branch offices in the capital. It is also the center of commerce and industry. Mercato, the largest open-air market in Africa, is also found in Addis Ababa.

Though the social and economic development of the city is far better than the other parts of the country, the unbalance population growth and socioeconomic development in the city has exacerbated the living condition of women and children to be worsen.

Its geographic location in the center of Ethiopia, combined with lack of development policies in other urban centers have given the capital the majority of social and economic infrastructure in the country. As a result, it has been a melting pot to hundreds of thousands of people, coming from all corners of the country in search of better employment opportunities and services. This high rate of rural urban migration accounts for about 40 percent of the growth. Coupled with rapid natural population growth, Addis Ababa one of the fast growing cites in Africa, posing critical challenges, including high rate of unemployment, housing shortage and environmental deterioration (Addis Ababa City Administration, Situation Analysis 2009).

UN HABITATE in study of Urban Profile in 2008, it disclosed that stereotyped thinking and social taboos are still discriminating women in Ethiopia. While less rigid than rural areas, women face major obstacles also in Addis Ababa. Most indicators show a major bias towards women. For instance, 23 percent of women in Addis Ababa are illiterate, 22 percent have only primary education, and only 4 percent who have reached college or university level. The recently replaced administration of the city had only one women cabinet member, as do the current. In terms of managerial and professional level jobs, the picture is even gloomier (UN Habitat, Addis Ababa Urban Profile, 2008).

In the city, women are in a low socio-economic status as compared with men. For example, the percentage of women who cannot read is 19.8 while for the male is 6.1 those women attended school more than secondary education is 11.6 while for male is 18.7 (DHS, 2011) in all levels of education, it has been observed a marked gender differences in both participation and achievement. The percentage of HIV positive among women age 15-49 who were tested is 6.1 while for male in the same age group is 3.0 (EDHS-2011). This figure indicated that women are severely affected by the pandemic AIDS. The percentage of women with any anemia in the city is reported to be 14.6 of which 10.7% of which 10.7% if mild, 3.1% is moderated and 0.8% is severe in the same document.

The occupational status of women in the city is characterized by low wages and positions. According to the EDHS-2011 report, most women are involving in occupations such as clerical, sales and service, etc.

CHAPTER FOUR

RESEARCH METHODS

* 1. GENERAL RESEARCH STRATEGY OF THE STUDY

In order to achieve sound results, the researcher has employed both Quantitative and qualitative methods. While more emphasis has been given to the qualitative method, quantitative analysis was also used as a supplement to the former approach.

Qualitative methods are usually employed for deeply rooted studies that attempt to interpret social reality (Roger and Nall, 2003). Gender issues being one aspect of social reality, qualitative analysis was believed to provide an appropriate understanding of the subject. Thus, the current research mainly focused on qualitative method with the view of examining the areas and extent of women empowerment resulting from the intervention of microfinance and also identifying the challenges and problems faced by the clients in the undertaking in depth. To this end, the case study research method was employed as a general strategy for current study.

* 1. DATA TYPE AND SOURCE OF DATA

Both primary and secondary data has been employed in the present study. Actually the study mainly use primary data gathered by means of an in-depth interview responded by Addis Microfinance Institution’s clients, and officials and experts of AMI at different levels i.e. at Head Office and Woreda (Sub-branch Office) levels.

The study was also augmented by secondary data obtained from various sources such as books, 2011 EDHS Report, Annual Statistical Abstracts, occasional papers, journals, proceedings, reports, etc.

* 1. DATA GATHERING INSTRUMENTS
     1. QUESTIONNAIRE

With the objective of obtaining accurate quantitative information, a questionnaire was prepared to be filled by the institution’s current clients. The questionnaire contained a total of 52 items, of which, 15 were open-ended while 37 were closed-ended items. The total respondents were 399. The questionnaire was first prepared in Amharic (National Language) since most of the respondents do not speak English, and then translated from Amharic into English for reference and data analysis purposes. For those respondents who were either illiterate or barely able to read and write, assistants were assigned to read and explain the questions to the respondents and filled out the questionnaire on behalf of them according to the replies given.

* + 1. FOCUS GROUP DISCUSSION (FGD)

Focus group discussion allows for a dialogue among participants and stimulates them to openly express their views on the issues raised. Since questions are raised to the group as opposed to the individual, the dialogue has its own peculiar flow (Roger and Nall, 2003).

Thus a checklist of questions or topics for discussion was prepared prior to conducting a focused group discussion.

The focus group discussions were held among clients and community leaders, etc. of 9 to 12 persons in selected sub-cities. Group discussions were held in 4 groups or sub-cities namely Kirkos, Kolfe-Keranyo, Yeka and Lideta Sub-cities. Kebele administration and staff of branch offices of Addis Microfinance Institution in each sub-city has cooperated the researcher in identifying key informants who participated in FGD.

Total participants in the discussions were around 42 women that are currently clients of Addis Microfinance Institution. The discussions were moderated by the researcher himself. The focus groups were consisting of clients from different areas of Addis Ababa; namely, Kirkos, Kolfe-Keranyo, Yeka and Lideta sub-cities. The participants were selected and discussion arranged by staff of the institution that have direct contact with the clients and were able to identify those that provide key information.

The discussions held in each group lasted from one hour to an hour and a half and the information obtained was generally very valuable. The ideas raised, the dialogue held and the cooperativeness of the participants was also very much noticeable. Although some appeared to be timid and a few attempted to dominate the discussions, the moderator has basically managed to handle the sessions well.

* + 1. IN-DEPTH INTERVIEW

An in-depth interview is a qualitative research technique that allows for a person to person discussion. Such discussion provides the opportunity to have a deeper understanding of one’s beliefs, feelings, and behaviors on important issues. It is used to collect data from a small sample of people who are knowledgeable and/or powerful. Emphasis on tapping expertise and knowledge – can be departmental heads, community leaders, etc.

Accordingly, in-depth interview was used in addition to focus group discussion in order to obtain more information from the informants. This method is believed to provide more accurate information as the respondents appear to be more open to discuss issues during a one to one interview as compared to group discussions. The interview questions raised during the interview dealt with clients and drop outs’ personal background, the financial service of the institution, requirements stipulated from the institution to access micro credit, problems the clients faced in the terms and conditions of the institution, and issues such as current status of their economic, and socio-cultural conditions, etc.

The interviews were held with interviewees that were proposed again by the staff of the Institution in different parts of the sub-cities; namely Kirkos, Kolfe-Keranyo, Yeka and Lideta sub-cities. The researcher identified and selected two potential informants (clients of AdCSI) from each sub-city owing to time and resource constraints. Additionally, key informants from Addis Microfinance Institution-Head Office and four branch offices from the already identified sub-cities were interviewed. In general, the number of interviewees, who were participated in in-depth interviews totaled 13 (including both clients and staff of AdCSI).

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

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

* + 1. DOCUMENT AND STATISTICAL GUIDES

Data were also collected from different secondary hand source documents like; the Ethiopian Demographic and Health Survey (2011), Annual Statistical Abstracts, Occasional papers, Journals, Proceedings, Reports, etc. Some statistical guides were also referred as sources of data for the study.

* 1. ETHICAL CONSIDERATION

Each respondent was prearranged a format in which he/she gave his/her own consent to to participate in the study before he/she was given the required information. The privacy and confidentiality of the respondents have been kept both during the interview and in the compilation of reports. This was because sensitive issues such as domestic violence and various aspects of the MFI perceived by the clients as negative could be raised during the interview. Since all respondents were required to be protected from physical and psychological harm, debriefing aimed to leave the participants in the same state as they entered in the study.

* 1. DATA QUALITY ASSURANCE

Two days intensive training was given for the data collectors. Consistency of filled data was checked by one supervisor at each sub city every other day, 5% of the filled data was checked for accuracy by the supervisors. The principal investigator attended random record review sessions to monitor the data collection. Data were profiled to discover inconsistencies and other anomalies in the data and data cleansing (missing data interpolation) was also performed.

* 1. SAMPLING TECHNIQUE

The research work has been decided to limit itself to a single institution due to the time, financial and administrative constraints. In this regard, Addis Credit & Saving Institution (AdCSI) was selected purposefully. The institution was chosen because of its high number of clients and recognized standard services delivery in Addis Ababa.

Participants in Focus Group Discussions and Key informants in in-depth interviews were also purposefully selected to be entirely women. This has been made so as the research problem was initially focusing on poor women regarding the effects of microfinance in their economic empowerment in the different circumstances and the problem they have faced in the terms and condition that might be hindered them access to credit and other financial services.

By obtaining a strong background from potential informants to be involved in the study, purposeful sampling method was also employed to select key informants, participants in the focus group discussion and in-depth interview, for qualitative analysis.

When we come to quantitative research method, 399 clients from the total of 133,950 were selected through simple random sampling procedure. AdCSI currently serves a total of 235 000 clients, of which, 133,950 (57percent) are women. All the clients of AdCSI are living in Addis Ababa and the surroundings.

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

n= \_N\_\_\_

1 + N (e) 2

Where, N is the total AMI’s client women, and

e is the error or confidence level

The conventional confidence level of 95% was used to ensure a more accurate result from the sample. Based on this, the error term would equal to 0.05. Using the total population of 133 950 beneficiaries and error margin of 0.05, the sample size was calculated as follows.

n = \_133 950\_\_ = X

1 + 133 950(.05) 2

n = \_133 950\_\_ = 398.67=399

1 + 133 950 x .0025

Hence, out of the total population of 133 950 microfinance women clients, a sample size of 399 was taken. A simple random sampling technique was then applied to select the 399 subjects to participate in the study.

* 1. PROCEDURES FOR TREATING DATA

The data collected were organized in line with the objective of the study, and both qualitative and quantitative analytical procedures were employed in the analysis and interpretation of the data. In the qualitative analysis, participants’ opinions, feelings, behaviors and experiences with regards to microfinance services and its impacts in their own lives from the informants’ points of view was investigated in a deep manner to discover inherent facts and analysed in written form while in the case of quantitative analysis, the data was analyzed and interpreted using some statistical techniques such as; frequency distribution, data representative tables, percentages, etc.

The tape recording of both the in-depth interview and focus group discussion was initially transcribed. The researcher then read the transcripts and the notes. Jennifer (2005) stated that there are literal, interpretative and reflexive readings of the data.

Interpretative reading involves constructing and documenting what the data mean or represent and then can describe and explain the phenomenon being studied from the data.

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

* 1. VALIDITY AND RELIABILITY

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

CHAPTER FIVE

ANALYSIS AND INTERPRETATION OF DATA

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| This chapter is the main body of the dissertation report. It comprises the analysis and interpretation of the major findings in line with the basic questions and objectives set in the statement of the problem through organizing, analyzing and interpretation of the collected data. In the process of organizing the data, tables were used as a supporting tool. As the study is a case study, the analysis of data mainly focused on qualitative method although in some cases quantitative analysis was used.  5.1. GENERAL CHARACTERISTICS OF THE RESPONDENTS  Under this sub-section, data obtained from all types of respondents/key informants incorporated in the study such as; those participated in Focus Group Discussions, In-depth Interviews, in filling the questionnaires, etc. were organized & tabulated. Thus a total of 468 respondents general characteristics have been summarized.  5.1.1. AGE RANGES  TABLE-1 PERCENTAGE DISTRIBUTION OF RESPONDENTS’ AGE RANGE   |  |  |  |  | | --- | --- | --- | --- | | No. | AGE RANGES | NO. OF RESPONDENTS | PERCENT | | 1 | Below 20 | 58 | 12.4 | | 2 | 21-30 | 113 | 24.1 | | 3 | 31-40 | 205 | 43.8 | | 4 | 41-50 | 60 | 12.8 | | 5 | Above 50 | 27 | 5.8 | | 6. | Not Responded | 5 | 1.1 | | TOTAL | | 468 | 100 |   SOURCE;- Questionnaire, 2012  According to the above table, the majority of key informants (43.8percent) were between the age ranges of 31-40 while the least age ranges (5.8 percent) were above the age of 50.  5.1.2. MARITAL STATUS    TABLE-2 PERCENTAGE DISTRIUTION OF RESPONDENTS’ MARITAL STATUS   |  |  |  |  | | --- | --- | --- | --- | | NO. | MARITAL STATUS | NO. OF RESPONDENTS | PERCENT | | 1 | Married | 58 | 68.23 | | 2 | Unmarried | 15 | 17.64 | | 3 | Widow/divorced and others | 10 | 11.76 | | 4 | Not responded | 2 | 2.35 | | Total | | 468 | 100 |   SOURCE;- Questionnaire, 2012  The information gathered in connection with marital status of the respondents reveals that 68.23% of them were married while 17.64% of them were unmarried. The rest 11.76 % of them are widowed /divorced. The remaining 2.35% did not respond.  5.1.3. EDUCATIONAL STATUS  TABLE-3 PERCENTAGE DISTRIBUTION OF RESPONDENTS’ EDUCATIONAL STATUS   |  |  |  |  | | --- | --- | --- | --- | | NO. | LEVEL OF EDUCATION | NO. OF RESPONDENTS | PERCENT | | 1 | Illiterate | 6 | 1.3 | | 2 | Literate(can only read and write) | 99 | 21.1 | | 3 | Primary education | 235 | 50.2 | | 4 | Secondary education | 121 | 25.9 | | 5 | Above G-12 | 3 | 0.6 | | 6 | Not responded | 4 | 0.9 | | TOTAL | | 468 | 100 |   **Source:** Questionnaire, 2012.  As to the educational level of the respondents, 50.2% are at primary level, 25.9% are at secondary level, 21.1% are can only read and write, 0.6% are at the educational level of 12+while 1.3.% are illiterate. The remaining 0.9 % did not respond.  5.1.4. FAMILY SIZE  TABLE-4 PERCENTAGE DISTRIBUTION OF RESPONDENTS’ FAMILY SIZE   |  |  |  |  | | --- | --- | --- | --- | | NO. | FAMILY SIZE | NO. OF RESPONDENTS | PERCENT | | 1 | Below 2 | 90 | 19.2 | | 2 | 2 - 4 | 173 | 36.9 | | 3 | 5 - 7 | 195 | 41.7 | | 4 | 8 - 10 | 5 | 1.1 | | 5 | Above 10 | 2 | 0.4 | | 6 | Not responded | 3 | 0.7 | | TOTAL | | 468 | 100 |   Source**:** Questionnaire, 2012.  With respect to the family size of the respondents, the majority i.e. 41.7% had family size of five to seven, 36.9% of them had family size of two to seven, and 19.2 % of them had a family size of below two. Those who said a family size of above 10 was only 0.4 percent. The remaining 0.7% did not respond.  5.2. TERMS AND CONDITION TO ACCESS FINANCIAL SERVICE FROM AdCSI  In order to identify if there were some inconveniency in relation to the terms and conditions of AdCSI on the part of clients, both the clients and the service giver organization were given opportunities to say their views. Furthermore, AdCSI’s policy document was reviewed. Information obtained from all types of sources is analysed hereunder.  To begin with, the following table shows what AdCSI’s policy document said about its product types, criteria, loan size (maximum & minimum), Interest rate, service charge and Insured year.  TABLE-5 AdCSI’s TERMS AND CONDITIONS   |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | | S.N | PRODUCT TYPE | CRITERIA | LOAN SIZE | | MAX. LOAN TERM IN MONTHS | INTEREST RATE | SERVICE CHARGE | INSURED YEAR | | MIN. | MAX. | | 1 | Micro | -business that not require a license  -engaged in mini trade./gullet micro food processing etc | 700.00 | 5000.00 | 24 | 9% | 2% | 1% | | 2 | Small loan | -business whose initial capital require more than 5000 birr /business established  -would create more job opportunities  - Businesses that the city administration give priority | 5000.00 | 250000.00 | 36 | 9% | 2% | 1% | | 3 | Consumption loan | -loan will be extended in group collateral  -permanent worker of governmental organization | 700.00 | 10000.00 | 24 | 10% | - | 1% | | 4 | Agricultural loan | -customers engaged in animal husbandry. Bee fanning, etc | 700.00 | 250000.00 | 18 term loan | 9% | 2% | 1% | | 5 | Micro leas loan | - Individuals, groups & cooperatives can use this loan.  - Customers involved in priority business areas.  - Has to provide property protection guarantee. |  | 250000.00 | 36 | 9% | 2% | 2% | | 6 | Short term loan | Individuals engaged in any legally registered business activity. | 30000.00 | 10000.00 | 6 | 1.5/month | - | 1% | | 7. | Housing loan | -Legal owner ship of the house.  - Has permanent income from business or other sources. | 700.00 | 50000.00 | 60 | 10% | 2% | 2% |   SOURCE;- AdCSI’s Policy Document, 2009  The above table shows all the product types being given by AdCSI and its corresponding criteria, loan size, interest rate, etc. Of which, the first two products are very much interested for our research purposes. Accordingly, everybody can understand from the above table that the loan size ranges from 700 to 5000 Birr for Micro loans and from 5 000 to 250 000 Birr for small loans. However, the loan terms are significantly differing each other i.e. 24 and 36 months respectively.  The policy document has also outlined the types of collateral for the loan AdCSI extends for its clients and it has implementing different kinds of loan guarantees and property collateral mechanisms.  The document outlined the following major types of collateral (alternatives of Guarantee); (i) Solidarity Group Collateral;- includes peer pressure collateral, Group Leader Guarantee, Cross Guarantee, Micro Leasing Loan Guarantee, Personal Guarantee, (ii) Property Collateral;- includes House Collateral, Vehicles, Machines, etc., (iii) Saving Collateral;- includes Saving Deposit on banks other than the institution, Receivables from governmental or non-governmental organizations, Check with some other collateral, Business collateral, Insurance Bond, etc.  The Manager of the Head Office of AdCSI was asked a question on how far the terms and conditions of his institution conducive to make poor women accessible for its services during an In-depth interview session. He replied that his institution has clearly put its mission, objectives and terms and conditions in its policy document. Although it had been serving all the people regardless of gender who sought the services of AdCSI, it had always been giving priority to poor women in the provision of financial services. Special support and trainings in relation to the identification of marketable economic activities and businesses for women would be given, and counseling services would also be provided for those women who started their own businesses. According to the Manager, his institution always encouraged and gave priority for women in its financial services but the terms and conditions set in the policy equally works for all types of his clients with regardless of gender. He further said that the performance of the institution from its establishment to 2011 indicated the majority of the clients, ranging from 57 percent to 89 percent, were poor women. This was possible because his institution always gave priorities and encouragement for women.  The Manger was also asked if the loan size was sufficient for women to start their own businesses. He responded that nowadays when the inflation is very high & unpredictable, it could not be sufficient. He further said that the loan sizes were determined by the directive of the National Bank of Ethiopia. So it was beyond the institution capacity to lift up.  Although the manager said his institution encouraged and gave priority for women and there were no any complaints from the clients, the information obtained from poor women clients using various data collecting mechanism revealed that some of the terms and condition to get financial services need to be improved.  In the FGDs conducted in the selected sub-cities, the participants emphasized their problems by saying that the grace period was so tight that it didn’t have ample space/time to begin repaying their loans they borrowed.  With regard to the loan size, a number of interviewees said that it was very small. One of the participants whose age was 50 and a mother of four children in an In-depth interview said the following;  *“In fact, the loan size increases as we settle the loan in full and take another. However, the loan still falls short of the amount needed to start business. It would be better if they could increase the amount of loan so that we are able to engage in our own business, earn better incomes and settle our debts more quickly”*  5.3. IMPACT OF MICROFINANCE ON THE ECONOMIC STATUS OF POOR WOMEN  In order to evaluate the impact of AdCSI intervention in the study area, respondents’ general economic status, current average yearly household income, asset possession, personal voluntary cash savings and participation in household decision-makings were considered.  5.3.1. GENERAL ECONOMIC STATUS  A forty year old women who has five children, and now living in Lideta sub-city during an In-depth interview session said that she and her family once faced harsh food shortages,  high school fees, and expensive medications. But today, with the help of a microfinance loan from AdCSI, her life is transformed. Her shop is thriving and she is able to feed, medicate, and send her children to school.  The following was her full story of her past and present economic status in her words;  *“A decade ago, my entire family had to depend on my husband’s meager income that he earned working in a local government office. The family had to frequently experience harsh food shortages and a lack funds to pay for school fees and medication. Our life was going from worse to worse every time. We had not enough food all year round. There was no hope amidst us. We were desperate.*  *Then, in 2006 I heard from my neighbors that Addis Credit & saving institution began providing loan services in our District.  For me, it was like I was reborn. I became one of the loan receivers from AdCSI and expanded my little kiosk to a bigger one.*  *Since then, I have received six loans. My life has radically changed for the good as I can now provide for my family. My business has grown in an incredible way. My shop is completely filled.*  *I invested a lot of my earnings into the education of my children. I sent one of my daughters to private school. Now she has since graduated from a teachers training center with a certificate and is now self-sufficient. She also has three other children who currently attend primary and secondary school. Thanks to the loan services, my home is full. I am now able to do anything that my heart and soul desire for myself and my family. No more food, medication, and shelter problems in my family. I am able to provide them with anything they like,”*  In related issues, the Nifas-Silk sub-city branch manager of AdCSI was interviewed and said the following;  *“Addis Microfinance Institution has active business here. From the inception to date, the branch office has provided loan service for 20,000 clients and impacted the lives of thousands of poor. Of these, about 95% of them have successfully reimbursed the loan. The branch is working hard to address the economic needs of the poor, especially of the women. In the elapsed year alone, the branch provided loan services for about 3,065 active clients, of which 74% are female.”*  One of the important things that could be inferred from the saying of the branch manager is that the ability of 95 percent of loan receivers to reimburse the loan could be an indication in a sense; almost the majority of loan receivers were profitable in their business areas. Otherwise, they could not reimburse their loans.  The data procured from the focus group discussants also confirmed that there was a direct relationship between microfinance services and improvements in the lives of poor women.  In one of the Focus Group Discussions, which was held in Kirkos Sub-city, one of the discussants who was a mother of three said the following;  *“Life used to be much more difficult for me and my family. Paying for things like school fees for my children were large financial hurdles. Knowing that life would only become more difficult in the future, I talked to Addis Microfinance Institution who told me about the opportunity to receive loan. With the loan I received, I started a shop from my home selling basic items. Now, everything looks better. My self-confidence & self- esteem has now increased.* *Without that loan, I would have been left behind.”*  Either in Focus Group Discussions orin In-depth Interviews, most of the discussants and respondents had the same positive attitudes towards the advantages of using Micro credit from Addis Microfinance Institutions.  With regard to the overall economic status of women after joining the micro-credit program, the findings showed that accessibility to micro credits enabled many of the Addis Ababa’s poor women to leave the dangerous and exhausting business of firewood collection or any other businesses or any forms of idleness to pursue more lucrative, safe, and sustainable businesses in a variety of areas, including making and selling Injera (traditional Ethiopian bread) and selling charcoal, grain, butter, and other items. As a result of their new ventures, many of these women are now recording profits and have since been able to open savings accounts, which offer increased security for the women and their families. Moreover, key informants reported that poor women’s ability to yield profits in their new businesses has helped them to play a more active role in their communities.  As AdCSI has many clients in the city, a questionnaire were also distributed to the selected sample of respondents. Replies in relation to the impact of Microcredit on their level of Income, Household assets, Housing and Access to food has been presented hereunder.  5.3.2. LEVEL OF INCOME  Level of income is one of the variables that indicate the economic empowerment of poor women. Accordingly, AdCSI’s clients were asked in a questionnaire (another type of data gathering tools for sampled clients) to know how far their monthly level income is improved after they join the loan program. The finding shows that almost, 85 percent (about 288 out of 399 respondents) said that their monthly income has shown dramatic improvement. They further asked whether the improvement of their income was due to the loan program. The majority said yes (81 percent) it was due to the loan program. Other responses like their strong commitment on businesses they were involved and the support they received from business development services have contributed abundantly for the improvement of their income, in addition to the loan program.  It could be understood from the responses of the sampled clients that their income increasingly improved after they joined the loan program in AdCSI.  In another question, clients were requested to estimate their yearly average income after they joined the credit program. The following table shows the average Yearly household income of the sampled respondents.  TABLE-6 RESPONDENTS’ LEVEL OF HOUSEHOLD INCOME   |  |  |  |  | | --- | --- | --- | --- | | LEVEL OF INCOME | RESPONSES | | REMARK | | NO. | PERCENT | | Below Birr 500.00 | 7 | 1.75 |  | | 501.00 – 1000.00 | 24 | 6 |  | | 1001.00 – 1500.00 | 84 | 21.05 |  | | 1501.00 – 2000.00 | 98 | 24.56 |  | | 2001.00 – 2500.00 | 62 | 15.5 |  | | 2501.00 – 3000.00 | 71 | 17.79 |  | | 3001.00 – 3500.00 | 35 | 8.77 |  | | Above Birr 3501.00 | 16 | 4 |  | | Not Responded | 2 | 0.5 |  | | TOTAL | 399 | 100 |  |   SOURCE;- Questionnaire, 2012  The above table shows that the annual average income of the clients. Accordingly, the majority i.e. 24.56 percent of the respondents said that their income was between Birr 1501.00 to Birr 2000.00. The two extreme ends i.e. 1.75 percent and 4 percent were between Birr below 500.00 and above Birr 3501.00 respectively. But if we sum the number of respondents who have the average income of greater than Birr 1501.00, we will find that they will be about 70.6 percent. This shows that most of the respondents have annual income greater than Birr 1501.00. In the table it was also indicated that 0.5 percent of the respondents didn’t respond to the question due to various reasons.  5.3.3. HOUSEHOLD ASSETS  The possession of household assets is another economic variable that indicate whether women have been empowered economically. Thus, all the sampled clients were asked to list their possessions/household assets in a questionnaire. Their responses are summarized in the following table.  TABLE-7 RESPONDENTS’ POSSESSION OF HOUSEHOLD ASSETS BEFORE AND AFTER THE PROGRAM   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | ASSET TYPE | BEFORE THE PROGRAM | | AFTER THE PROGRAM | | STATUS OF CHANGES AFTER JOINING THE PROGRAM | | NO. | PERCENT | NO. | PERCENT | | Ornaments | 29 | 7.3 | 151 | 37.8 | growth in 5 folds | | Utensils | 199 | 49.9 | 378 | 94.7 | growth in almost half | | Stoves | 300 | 75.2 | 399 | 100 | growth in quarter | | Chair | 203 | 50.9 | 399 | 100 | growth in almost half | | Table | 178 | 44.6 | 399 | 100 | growth in almost half | | Radio | 56 | 14 | 200 | 50.1 | growth in 3 folds | | Cupboard | 26 | 6.5 | 198 | 49.6 | growth in 7 folds | | Sofa | - | - | 91 | 22.8 | growth in 22 folds from nil | | Tape player | 25 | 6.3 | 201 | 50.4 | growth in 8 folds | | Frame bed | 5 | 1.3 | 112 | 28 | growth in 21 folds | | mattress | 207 | 51.9 | 399 | 100 | growth in almost half | | Refrigerator | - | - | 194 | 48.6 | growth in 48 folds from nil | | Television | 2 | 0.5 | 102 | 25.6 | growth in 51 folds | | Stock room | 5 | 1.3 | 59 | 14.8 | growth in 11 folds | |  |  |  |  |  |  |   SOURCE;- Questionnaire, 2012  The above table clearly shows that most of the sampled clients have become owner of household assets after they got the services of microcredit from AdCSI, and thereby started their own businesses. According to the above table, the corresponding number of clients for each asset type has dramatically improved for those who hold asset after the program as compared with the number of clients who had assets before joining the program.  5.3.4. EVALUATION OF AdCSI IN ITS IMPACT ON HOLDING HOUSEHOLD ASSETS  In addition to this, clients were also asked to evaluate the contribution of AdCSI to their household assets by their own. The following table shows clients’ evaluation of AdCSI in its impact on holding household assets.  TABLE-8 EVALUATION OF AdCSI BY CLIENTS FOR ITS IMPACT FOR HOLDING ASSETS   |  |  |  | | --- | --- | --- | | ITEM-  How do you evaluate AdCSI in its impact on holding household assets? | Responses | | | No. | Percent | | Very High | 211 | 52.9 | | High | 99 | 24.8 | | Medium | 23 | 5.8 | | Low | 41 | 10.3 | | Very Low | 2 | 0.5 | | No Impact | 21 | 5.3 | | Negatively Affect | - | - | | No Response | 2 | 0.5 | | TOTAL | 399 | 100 |   SOURCE: Questionnaire, 2012  The above table shows that the majority of respondents i.e. 52.9 percent responded that AdCSI had a very high impact on holding household assets. Only 5.3 percent of the respondents said that it didn’t bring about any impacts. Other respondents such as 10.3 percent and 0.5 percent said that AdCSI’s impact was low and very low respectively. Only 0.5 percent didn’t respond to the question.  The finding shows that almost 77.7 percent ( the majority of the respondents) replied that the positive influence of AdCSI had great impact for possession of households assets.  5.3.5. HOUSING CONDITION  AdCSI’s clients were asked whether there was any improvement or additions made for their house which cost above 100 birr at a time during their loan program period. About 51 percent said “yes” while the rest(49 percent) said “No”  5.4 SOCIAL IMPACT OF MICROFINANCE  Traditionally, the impact of microfinance projects was assessed by the changes in the income or well being of the clients. Mansell-Carstens, cited in Rogaly (1996, p.103) argues that such a focus is flawed because respondents may give false information. It is also very difficult to ascertain all the sources of income of a client, so a causal effect is difficult to establish, and it is also difficult to establish what would have happened if the loan was not given. Therefore a broader analysis is needed that takes more than economic impact into consideration.  According to Kabeer, poverty and livelihood security consist of economic and social conditions, therefore, when cognize the impact of microfinance, social impact must be assessed. Kabeer (2003, p.106) states that wider social impact assessment is important for an organization’s internal learning process, as an MFI should be aware of the “full range of changes associated with its efforts and uses these to improve its performance”. She considers social impact to relate to human capital such as nutrition, health and education, as well as social networks (2003). Impact must be assessed on each of these issues if a true picture of the impact of microfinance is to be obtained. So empowerment can be viewed as a means of creating a social environment in which one can take decisions and make choice either individually or collectively for social transformation. It strength innate ability by way of acquiring knowledge power and experience. Empowerment is the process of enabling or authorizing an individual to think, behaves, take action and control work in an autonomous way.  In relation to the social impact of Microfinance Institution, an in-depth interview was carried out with selected key informants. Some of the interviewees disclosed with confidence that they are socially empowered. Eighteen women in Addis Ababa, Lideta Sub-city, formed a group and started a catering business. For two years, they exerted a lot of effort but without any profit. Then they contacted Addis Credit & Saving Institution, where they received business training and a small loan. As they used their new-found skills and capital, their catering service grew 10-folds. One of the interviewees was a leader of this group. She said;  “*As we make use of the skill we gained through the training and the loan, our services and number of clients grew significantly. Our catering service business grew 10 to 15 times and our profits increased fast, We have repaid the entire loan and presently we have our own sufficient capital for the business and extra saving for risk management. Our living conditions have improved. We have enough to feed our family. We are sending our children to school. We have now developed great confidence & self-esteem in our day to day contact with people. As a result, we are encouraging other poor women in our neighborhood to start similar business,”*  Another woman who participated in an in-depth interview revealed the same thing. She said the following:-  *“…… I have used the money I received from AdCSI to start making and selling Injera. I purchased an energy saving stove, grain, and other accessories needed to start my business. I have already attracted a sizeable clientele, including a few contracts with local hotels. Thanks to my business, I am now able to pay rent and other bills on time, and I have now a courage or strong confidence to participate in community social affairs and attend various events, such as local administration meetings. My financial contributions to the family helped me earn greater respect from my husband and children, negotiate my husband’s help with housework, and avoid family quarrels over money. I also found increased respect from, and better relationships with, extended family and in-laws.”*  These are to mention some of them. Most of the interviewees had similar perceptions. The above two selected stories revealed that women no longer believe they should be dependent. They enjoy greater economic security and tend to jointly make household and business decisions with their husbands.  Some of them involved in microfinance become leaders, instigating change in social practices and relationships and mobilizing social action. Their status, both in their homes and communities, is improved when they are responsible for microloans and for managing micro-savings. This would enhance the social support offered in the group lending methodology.  Microfinance improves access to networks and markets (for women) giving wider experience of the world outside the home, access to information and possibilities for development of other social and political roles.  When they generate and control their own income (through microfinance services), women gain a level of power that means they can make decisions independently and command more respect.  5.5. IMPACT OF MICROFINANCE AT THE HOUSEHOLD LEVEL  5.5.1. CASH EXPENDITURE OF HUSBAND  Cash expenditure by husband has been taken as a variable so as to know the impact microfinance has brought at household level. Accordingly, in In-depth Interview and in Focus Group Discussion, participants were asked in what areas their husband spend most of their income after and before they joined microfinance program in AdCSI.  A 31 years old client stated the following during the FGD.  *“My husband continues to provide money for household use both before and after I joined the MFI*.”  Others said that the husband sometimes gives money and at times does not because of temporary work and other reasons both before and after joining the MFI.  A 36 years old woman who is a mother of four children noted the following;  *“My husband may or may not provide money for household use as he wishes. He rarely gives me money particularly after I joined the MFI. He is usually short of money because he drinks a lot. After I joined the MFI, my dependence on him became less. I support the family with the incomes I earn and no more depend on him*.”  They further explained that before joining MFI it was very difficult for them to sustain the family if the husband could not supply money for household expenditure.  A woman of 31 years of age noted that  *“My husband has been laid off from his job and he works as a daily laborer when he finds one. We were in a difficult situation before I joined the MFI but we are now relatively better and have at least something to eat*.”  However, the fear decreases and the family can somehow sustain without the husband’s support after the respondents joined MFI. The problem here is that the husband intends to use the money, which was earlier supplied for household expenditure, for personal use after the women join MFI and earn income.  A 30 years old woman stated the following;  *“My husband used to provide money for household use before I joined MFI. However, he stopped this after my participation and now keeps his income for personal use. I am able to support the family but with great difficulties*.”  We can infer from the above explanation that the wife can now better support the family after joining MFI regardless of whether the husband gives money for household hold purposes. Generally, it is observed that MFI helped the women to improve their financial status at the household level. However, the women would still find it hard to support the family by themselves while the husband ceases to supply money for the household.  5.5.2. HOUSEHOLD DECISION MAKING  The results of the focus group discussion and in-depth interview also showed a similar situation as to the role of the wife and the husband in such decisions. Those who decide by themselves gave two reasons for this. The first one is that some clients do not tell their MFI membership and loans taken to the husbands for fear that the latter might stop giving them money for household expenditure. Hence, the clients use the money by themselves.  A 41 years old woman noted the following;  *“I even did not tell my husband that I joined the MFI. This was for fear that he would stop providing money for the household expenses*.”  In the second case, the husband knows about the MFI but he is not involved in taking the loan, its repayment as well as managing or utilizing the money.  A 30 years old lady states that  *“My husband knows that I use the money secured through MFI to support the family. He basically has no say on the money. I decide on the money and hold sole responsibility for the repayment*.”  On the other hand, there are cases where the husband fully participates in the taking and repayment of the loan as well as the management and decision about it. A 30 years old woman explained as follows.  *“We discuss and jointly decide on all issues. I joined the MFI with his full agreement and jointly decide on the money. We also share the responsibility of debt repayment.”*  This shows that the credit is utilized and managed either by the wife alone or jointly by the wife and husband but not only by the husband. We can also see that those who do not tell about the loan to the husband have two dimensions. One is for household purposes as some believe that their husbands would refuse to allocate money for household expenditure once the wife becomes a member of MFI. The other dimension is that, as the husband is also required to settle the loan, problems might occur in the family if the wife does not manage to pay back the money taken.  Two important points can be inferred from the above results. First, the fact that women make sole or joint decisions on the use of incomes generated through microfinance is a good start point for their empowerment. Secondly, women that do not tell their involvement in MFI to their husbands might encounter family problems in the event they fail to repay their debts.  We have seen that MFI has provided opportunities for self employment through the delivery of finance. As a result, the clients’ incomes have increased although the amounts are small. Improvements are also observed in clients’ saving practices.  Furthermore, the women have managed to decide on the loan either by themselves or jointly with the husband. However, the situation is not the same for all clients. In this regard, there are clients whose incomes have deteriorated or who do not save money or even do not engage in any business after joining the MFI. Nonetheless, looking at some of the clients, participation in MFI had a positive sign towards economic empowerment.  5.6. MF AND WOMEN’S USE OF TIME  5.6.1. PARTICIPATION IN TRADITIONAL INSTITUTIONS  The FGD and in-depth interviews indicated that all of the participants are a member of at least one traditional institution idir (a community savings club for the eventuality of a death or marriage in the community), maheber (an association in which a group of people organize monthly feasts in the name of a particular patron saint in turns or an association of mutual help)**,** iquib (a rotating saving and credit group). One of the participants in an In-depth interview said the following;  *“I have started a new business selling charcoal, grain, and other items in my village, profiting 15-20 birr per day. Thanks to this new venture, I was able to enroll three of my children in school and am receiving medical care for a longstanding health condition which has continuously affected my mobility. Moreover, I have more time to participate in social gatherings in my community and in awareness raising events. I would like to express extreme gratitude for AdCSI I have received and is looking forward to expanding my business in the future.”*  Both before and after women joined the MFI, they engage in community services such as participating in funeral processions, weddings, visiting the sick and paying last respect to the dead. They would risk alienation if they fail to participate in the above occasions. But changes in participating in social gathering and awareness events have been observed among some women after they have joined MFI.  5.6.2. DOMESTIC WORKLOAD  Few of the respondents of the FGD and in-depth interview have indicated that the level of domestic workload remained the same before and after they joined the MFI. This is because most have extended families providing the possibility to share the workload.  The following was noted by a widow of 46 years of age.  *“I am engaged in small trade both before and after joining the MFI. There are many children and relatives in my home who share the work amongst themselves. I have not observed any changes as I am relived during both periods*.”  The majority of the women have noted that they were overburden with domestic workload before they joined the MFI which has exacerbated following their membership.  A 35 years old respondent gave her views as follows.  *“I was engaged in small trade before I joined the MFI and hence was able to handle the domestic workload. However, I now spend the whole day in my small shop to enhance my income and also repay the debts. I am also expected to handle domestic work when I return home. In addition, I have other social engagement such as edir and equib. I really find it difficult to carry out all these activities*.”  Some respondents have indicated that they get assistance from their children in handling the domestic activities.  A 36 years of lady noted the following.  *“My children assist me in carrying out the domestic work as I am overloaded. In addition to this, they are sometimes forced to miss their classes due to the work load.”*  .  The above is an indication that most of the women suffer from excessive workloads which also has a negative implication on the education of their children. Hence, the above figures show that domestic work load has increased after joining MFI. This is primarily because MFI do not implement any actions to reduce women’s traditional roles and responsibilities.  5.6.3. HUSBAND’S ROLE IN DOMESTIC WORK  Focus group discussion and in-depth interview shows as follows:  The majority of the respondents have indicated that their husbands do not support them in carrying them the domestic activity. A 35 years woman had this to say;  *“I spend the whole day with my husband running the business. When we return home, he goes to bed while I continue handling the domestic work, i.e., prepare supper, make the bed, etc*.”  When I asked one of the participants whether her husband assists her in the domestic work, she showed a surprised smile and said .*no, not at all. After all he is a man*.  Only one respondent, aged 30, has indicated her husband’s support it carrying out the household activity.  *“My husband helps me with the domestic work. He makes the bed, cleans the house, and performs other tasks. We generally assist each other*.”  In most cases, the work and activities in the private sphere are supposed to be handled by women while the public functions are meant for men. Hence, this has resulted in additional work burdens on the women with adverse effects on their empowerment.  CHAPTER SIX  CONCLUSION AND RECOMMENDATION  6.1. CONCLUSION  The major purpose of carrying out this study was to access the impact of micro-finance on the socio-economic status of poor women. The study was more of a case study focusing primarily on AdCSI which is found in Addis Ababa.  Using different types of data gathering tools i.e. In-depth Interview, Focus Group Discussion and Questionnaire, information was collected from two types of data sources including; women clients and Management of AdCSI. The socioeconomic determinants of women empowerment and AdCSI’s terms and condition to access the financial services were the two broad areas on which analysis was made in this study.  Based on the results mentioned in this study, the following conclusion could be drawn;  The empowerment status of poor women in Addis Ababa City can be improved through increasing their income generating activities by providing micro loans. The overall conclusion of this study is that the level of women empowerment is much satisfactory at the household level. Their level of income, possession of assets, etc. have been increased after joining microfinance program. But other factors for the economic empowerment of women other than micro credit such as education of husband, assets of husbands, etc. were not considered whether they had contribution for the empowerment of women in the study. So it seemed that the study was limited in such cases.  It was found that AdCSI had contributed its share to women’s empowerment. One consistent finding was increased self-confidence and increase self-esteem due to their enlarged income. Another was women’s increased participation in decision-making. Poor women experienced an increase in their decision making role in the areas of children’s marriage, buying and selling property, and sending their daughters to school.  The study has shown increased ability of women to make purchasing choices, manage household funds, etc. after they joined microfinance program.  Women clients have also experienced improved status and gender relations in the home. It was found from the study that women’s financial contributions helped them earn greater respect from their husbands and children, negotiate husbands’ help with housework, and avoid family quarrels over money. It was also found increased respect from and better relationships with extended family and in-laws.  According to the study most of the women suffer from excessive workloads which also have a negative implication on the education of their children. Domestic work load has increased on the part of women after joining MFI. This is primarily because MFI do not implement any actions to reduce women’s traditional roles and responsibilities.  The study has showed that women perceive more respect from their communities than they did before joining a microfinance program. It was also shown in the study that women taking greater roles in giving advice within the community, organizing for social change, and participating in community meetings—in part because they are now able to contribute financially to community needs and activities such as funerals.  Women groups organized to borrow microfinance from the institution provide a means for women to know and be known by other women; a forum for learning leadership and public speaking skills; and a basis for development of trust, friendship and financial assistance.”  With regard to the issue of loan pass-through, in which women receive a loan and hand it over to their husband or another male in the household, it was found that women have partial or full control, which is a striking improvement over “the kind of powerlessness with which these women begin.” The study also showed joint decision-making about business investments between women clients and their husbands.  AdCSI’s programs have been very successful in reaching poor women in Addis Ababa. This gives the institution an extraordinary opportunity to act intentionally to empower poor women and to minimize the potentially negative impacts some women experience.  It was understood from the study that some of the terms and conditions of AdCSI were still barrier to more disadvantageous group of women in the city to access the financial services, such as loan size, the time for repayment of the loan, grace period, etc.  6.2. RECOMMENDATION  In the light of the above research conducted, the following are the policy recommendation.  Targeting women should continue in the design of products and services, both because women by default have less access to credit and because they face constraints unique to their gender. Product design and program planning should take women’s needs and assets into account. By building an awareness of the potential impacts of their programs, MFIs can design products, services, and service delivery mechanisms that mitigate negative impacts and enhance positive ones. Thus some of the terms and conditions of Microfinance Institution are not contributing for poor women as they limit their accessibility to financial services so that they need to be revised in collaboration with the state organs.  It is also recommended that Microfinance Institutions incorporate programmatic elements such as training or leadership opportunities that contribute to women’s empowerment.  Microfinance Institution has to bring women and women’s perspectives into the governance, management, and implementation of microfinance programs.  Organizational strategies have to be formulated and implemented to increase gender sensitivity, gender equity and resources for empowerment such as; strategies to promote excellent customer service; “credit with education” strategies geared to the special needs of women; business development services; strategies to encourage community participation and leadership; new products such as asset-based loans specifically designed for women; and impact assessment that disaggregates data by gender.  Further study that consider other factors other than microfinance such as; the education status of husband, the possession of husband’s assets, other sources of Income, etc should be carried out in order to add on the current knowledge with regard to the possible other factors that contribute for the empowerment of women. |  |
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