

# THE ROLE OF MICROFINANCE IN EMPOWERING WOMEN: THE CASE OF AMAHARA CREDIT AND SAVING INSTITUTION IN NORTH GONDAR ZONEAMAHARA NATIONAL REGIONAL STATE, ETHIOPIA

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## LIST OF ACRONYMS

AIDS =Acquired Immune Deficiency Syndrome

CEDAW= Convention on the Elimination of Discrimination Against Women

EU= European Union

FGD =Focus Group Discussion

FGM= Female Genital

Mutilation

HIV= Human Immunodeficiency

Virus HTP= Harmful Traditional Pract

ice MFI =Microfinance Institute

NGO= Non-Governmental Organization

UNDP= United Nations Development

Program WHO =World Health Organization

## ABSTRACT

*The purpose of this study has been to identify the role of microfinance institution specifically the role of ACSI to empower women in the case of North Gander zone in selective districts. In this study mixed research approach and exploratory sequential research design were used, data were collected using questioner, in-depth interview and FGD and both quantitative and qualitative method of data analysis were employed. The study found out that improved access to ACSI has been able to empower women economically. Although the results vary, the study indicated that the income and saving levels of the majority of the clients have increased after the delivery of ACSI. Encouraging results have also been shown in the enhancement of the women's of self-confidence with respect to the capability to work on their own and improve their lives.*

*There were also an indication of enhancement in the decision making power of women and in their political empowerment as reflected in respect for their legal rights, ownership of household assets and holding of political positions. The study recognizes the limits of the transformative capacities of microfinance and it shows that financial empowerment does not necessarily lead to a transformation in gender relationships which is a basis for the overall empowerment of women. Finally the study also found out that the existence of challenges when they use loans in the institution including shortage of training, absence of reward etc.*

*Key words: saving, microfinance, ACSI, Women.*

## CHAPTER ONE

### I. Introduction

#### 1. 1. Background of the Study

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

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

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

The introduction of microfinance in Ethiopia has been gradual with its initiation attributed to the proclamation in 1996 (WABEKON, 2006). It also states that prior to the issuing of the proclamation, only a few NGOs and the Development Bank of Ethiopia offered limited and isolated microfinance services on an ad-hoc basis.

According to Wolday (2006), as of June 2005, there are 26 microfinance institutions registered under the National Bank of Ethiopia with an active loan portfolio of about 1.5 billion Birr (173 million USD) delivered to 1,211,305 active clients. They also mobilized about 501 million Birr (58 million USD) savings. The clients served by the microfinance institutions in Ethiopia are mainly the rural people. In addition to that about 38 percent of the clients of microfinance service in Ethiopia are female category.

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

Microfinance empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities. The economic empowerment is expected to generate increased self-esteem, respect and other forms of empowerment for women beneficiaries. It is clearly visible that involvement in successful income generating activities should translate into greater control and empowerment (Narayan, 2002). Therefore, this research was given an insight about the role of micro-finance to empower women in socio economic and political affairs.

#### 1.2. Statement of the Problem

As reflected by different scholars like Chanda, Haldaer (2012) and Steiner (2003), women as the part and parcel of the society and family have no full power in decision making process like that of men in different part of the world. Meron (2003) also argues that women live in a male dominated world where gender power relations are clearly in favor of men and at present, people live in an institutionalized patriarchal world where women are systematically excluded from every sphere of public life including from the areas of leadership and decision making. James and Sasongko (2003) in their part indicated that at least half of the world populations are women and they are the core of the family/household and they work longer hours than men. The same author indicates that, women contribute more to the development of their society.

Despite their contribution to the overall development of any country, they did not enjoy the results of development equally as their male counter parts.

Women in leadership and decision-making positions have been the concern of various stakeholders in different parts of the world. However, due to the presence of obstacles throughout the world, women prevented from taking a fully-fledged participation in leadership and decision-making positions (Quisumbing, 2003). In almost all countries in the world, the participation of women in various administrative levels and decision-making positions lags behind that of men, which is also true to Ethiopia. In Ethiopia; this problem is manifested through lack access and control over tangible and intangible assets (Meron, 2003).

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

It is important to understand patriarchy in order to understand present day relations between women and men. Eshetu (2000) defines patriarchy as father rule, male

domination on women's productive labor power, property and other economic resources. Empowerment of women and gender equality are prerequisite for achieving political, social, economic, cultural and environmental security among people. (Beijing, 1995). As it has been cited earlier, access to credit is an important mechanism for reducing women's poverty and to empower them. Both the Convention on the Elimination of Discrimination Against Women (CEDAW) and the Beijing Platform for Action (BPFA, 1995) address women's access to financial resources. For example, BPFA includes thirty five references to enabling poor women to gain access to credit.

Women's access to credit is generally believed to result in their economic empowerment. As a result, the provision of microfinance to women has been called for by various international and national organizations in light of their productive role for economic development and women's rights.

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

In addition to economic impacts, social changes also result from the work of micro finance organizations (Kabeer, 2005). The delivery of microfinance is expected to result in social changes because women working in groups can achieve what might not be achievable individually. Micro finance organization strategies provide the poor the possibility of belonging to a group they choose despite the socially or economically imposed relationships (Kabeer, 2005). This allows for meeting with others of similar experience and share knowledge. Such practices in effect are believed to empower them both individually and collectively.

Furthermore microfinance is viewed as an effective tool for overcoming the political exclusion of women (Cheston and Kuhn, 2002). The global average of women's representation in national parliaments remains low at 17 per cent as of 31 January 2007(UN, 2007). Women in government, parliament, the judiciary and other institutions serve as role models and thus as pull factors for other women. There are a range of possible mechanisms to increase women's participation in political life with varying degrees of success (Byrne et.al, 1996). The first is the reform of political parties through quotas and other forms of affirmative action. Another mechanism is training to develop women's skills and gender sensitive working with women's political organizations is the other mechanisms to enhance their participation

As stated by Narayan (2002), in most poor countries, men's domination of women is strongest within the household. Access to credit and participation in income-generating activities is assumed to strengthen women's bargaining position within the household thereby allowing them to influence a greater number of strategic decisions. Ethiopia is also one of the poor countries where women have a low standard of living. Meron (2005) was conduct a research on the role of micro-finance in AdisAbeba at the Specialized Financial and Promotional Institution (SFPI). The study indicates that improved access to microfinance has been able to empower Women economically. However this research didn't see the social and political aspect of women empowerment.

Though the above indicated scholars indicates the role of micro finance for women's empowerment, there is no study about the role of microfinance in the case of Amahara saving and credit institution to empower women. Thus, this research was visualize the role of microfinance to empower women economically, social-culturally, politically and it was also identifies the challenges in which women face in the institution.

### 1.3. Objectives of the Study

❖ The main objective of the study was to assess the role of microfinance(ACSI) in the empowerment of women.

**The study intends to pursue the following specific objectives under this general objective**

✚ Assess the role of Amahara credit and saving institution in empowering women economically.

✚ Identify and reviewing the role of Amahara credit and saving institution (ACSI) in empowering women politically.

✚ Identify and reviewing the role of ACSI in empowering women socio- culturally.

✚ Identify the role of ACS of in relation to increasing women's self-confidence.

✚ Assessing the challenges of women customers face when they gain credit access in ACSI.

### 1.4. Research questions

❖ The central research question was what was the role of Amahara saving and credit institution in empowering women?

❖ **Specific research questions are:**

1. In what extent Amahara credit and saving institution empower women economically?

2. How Amahara credit and saving institution empower women politically?

3. How Amahara credit and saving institution increase women's self-confidence?

4. What was the role of Amahara credit and saving institution to empower women socio-culturally?

5. What was the challenges women faces when they gain credit access in the institution?

### 1.5. Significance of the Study

The primary importance of the study could be used as a reference to the Amahara saving and credit institution for the effective implementation of its objective. Second the main objective of the study was to look the role of microfinance in the empowerment of women. Therefore, findings of the study could believe to show the economic, political and social benefits of microfinance delivery to women in addition to its impact in enhancing their awareness and knowledge. Third the study was also identified the challenges women face when they gain service from Amahara saving and credit institution as a micro finance institution and this also gives an insight for policy makers based on the research finding.

### 1.6. Scope of the study

The research work was limited to women clients of only one microfinance institute namely Amahara saving and credit institution in three district including (Debdre Tabor, Hamusit and LayGinent) of south Gondar Zone.

**CHAPTER TWO****2. Review of Related Literature****2.1 Theoretical Background**

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

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

A number of Marxist feminist thinkers have conducted studies on the earlier kinship and economic models and the role of sexual and/or gender division of labor in support or against the social power of women (Reed, 1973). Economic independence is called for by various theories to ensure the equality of women. Housework is denounced by the Second Wave Movement, including liberal feminists, because it is basically unpaid. It is insisted that such work devalues women and makes them dependent on men since it is not within the sphere of public economic production (Friedan, 1963). Feminists propose interventions to provide access to economic resources such as micro credit as a stepping point to promote the empowerment of women in the economic, social and political arena (Solomon, 1999).

**2.2 The Concept of Empowerment**

The term empowerment is used to refer to self reliance and self respect in order to enable each person reach his/her God given potential (Cheston and Kuhn, 2002: 12). They

also state that empowerment is about change, choice and power. Empowerment is also considered as process of change by which individuals or groups with little or no power gain the power and ability to make choices that affect their lives. Empowerment is also defined as a process through which women are able to transform their self-perceptions equivalent to alchemy of visibly transforming gender roles. Empowerment generally involves change at three broad levels: within the household, within the community, and at a broader institutional or policy-making level (Zafar, 2002).

According to Rowlands, (1995) the definition of empowerment is bringing people on the outside of a decision process into it. It is also considered as the ability to obtain an income that enables participation in economic decision making. Individuals become empowered when they obtain the right to determine choices in life and to influence the direction of change, through the ability to gain control over material and non-material resources. The idea of power is at the root of the term empowerment. Power might operate in different ways (Oxaal and Baden, 1997). Power over involves an either/or relationship of domination/subordination while power to relates to having decision making authority to solve problems.

Power tends to accrue to those who control or are able to influence the beliefs, values, attitudes, behaviors and resources that govern social relations at both public and private levels. Empowerment of women processes tend to identify power in terms of the capacity of women to increase their own self-reliance and internal strength, and gain, and use power in alternative constructive ways (Oxaal and Baden, 1997).

Empowerment is usually associated with women not only because they have been historically disadvantaged in access to material resources like credit, property and money, but they have also been excluded from social resources like education or inside knowledge of some businesses (Zafar, 2002). Access to resources does not by itself translate into empowerment or equality unless women acquire the ability to use the resources to meet their goals. For resources to empower women they must be able to use them for the purposes of their choice.

The effective use of resources requires agency, which is, the process of decision making, negotiation and manipulation (Kabeer, 2005).

Women who have been excluded from decision making for most of their lives often lack this sense of agency that allows them to define goals and act effectively to achieve them. Movements which seek the empowerment of women as group increase opportunities available to individual women, and economic empowerment can increase women's status in their families and societies. The lack of empowerment, on the other hand, eventually slows down economic and political development, just as the lack of progress in meeting people's basic needs will limit empowerment because poverty itself is disempowering (Skarlatos, 2004).

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

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

The United Nations Conference on Environment and Development (UNCED) agenda 21 mentions that women's advancement and empowerment in decision making including women's participation in national and international ecosystem management and control of

environment degradation, as a key area for sustainable development (Wee and Heyzer, 1995).

(Fourth World Conference on Women, 1995), Development Alternatives with Women for a New era (DAWN, 1995), The international conference on population and development in Cairo (ICPD, 1994) and the Copenhagen declaration of the World summit on Social Development (WSDD, 1995) also treat the empowerment of women as the main objective of development which requires the full participation of women in the formulation, implementation and evaluation of decisions determining the functioning and wellbeing of societies. The World Bank has also identified empowerment as one of the key constituent elements of poverty reduction, and as a primary development goal (Malhotra et.al, 2000). The promotion of women's empowerment as a development goal is based on the dual argument that social justice is an important aspect of human welfare and is intrinsically worth pursuing.

A similar dual rationale for supporting women's empowerment has been articulated in the policy statements put forth at several high level international conferences in the past decade e.g. (Beijing Platform for Action, 1995), (Beijing +5 Declaration, 2000), and (CEDAW, 1979). However, no major development agency has developed a rigorous method for measuring and tracking changes in levels of empowerment. It is, therefore, difficult for the international development community to be confident that their efforts to empower women are succeeding (Malhotra et.al, 2000).

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

Women's empowerment should also reflect on their sexual and reproductive rights and health. An empowerment

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

Furthermore, links between empowerment and health in general, and specifically for women are receiving growing recognition. Presentation made by WHO at the Fourth World Conference on Women at Beijing states that the empowerment of women is a fundamental prerequisite for their health. This means promoting access for women to resources, education and employment and the protection and promotion of their human rights and fundamental freedoms so that they are enabled to make choices free from coercion or discrimination (WHO, 1995). Education plays a vital role in the social empowerment of women (Indian National Policy, 2001).

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

Empowerment is essentially a bottom-up process rather than something that can be formulated as a top-down strategy (Cheston and Kuhn 2002). It then follows that the empowerment of women basically rests on women themselves rather than development agencies.

The empowerment of women involves women themselves setting the agenda and managing pace of change (Carolyn, 2003). Empowerment comes from within, i.e. Women empower themselves. Other parties such as development cooperation agencies or NGO.s can, however, play an important role in facilitating capacity building and networking. Appropriate external support can be important to foster the process of empowerment. In this regard, development agencies can support women's empowerment by funding women's organizations that

work towards addressing the causes of gender subordination by promoting women's participation in political systems and by facilitating dialogue between those in positions of power and organizations with women's empowerment goal (Carolyn, 2003).

Development activities have become closely associated with the promotion of women's empowerment, such as micro credit, political participation and reproductive health and much innovative work has been done in these areas. However, there are limits on the extent to which such activities are by themselves empowering (Cheston and Kuhn, 2002). Empowerment approaches are utilized in a variety of development initiatives in addition to micro credit programs, democratization programs and leadership training programs. However, question has to be raised as to what constitutes empowerment and when is the program empowering and when it is not. For example, increased decision-making power at individual level and greater access to economic resources of women does not necessarily translate into greater representation on power of women with in political institutions (Cheston and Kuhn, 2002).

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

### 2.3 Microfinance

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

Micro credit programmes aimed at empowering women have become popular among donors and NGOs. Development policies with the approach of women's empowerment through women organizing for greater self-reliance has also resulted in a change of policies for the enhancement of women's economic role. Since microfinance organizations have financial focus, they are expected to impact the lives of the poor (Kabeer, 2005). Micro credit is about much more than access to money. It is about women gaining control over the means to make a living. It is about women lifting themselves out of poverty and vulnerability. It is about women achieving economic and political empowerment within their homes, their villages, their countries. (Beijing +5 Conference, 2000), (Kabeer, 2005) states that in order to bring women's empowerment microfinance needs. To help poor women address their daily needs as well as their strategic gender interests. It is recognized that strategic gender interests go to the very heart of the structures of patriarchal power: the abolition of a coercive gender division of labor; of unequal control over resources; ending male violence, women's control over their own bodies, the establishment of political equality and the ending of sexual exploitation (Molyneux 1985).

### 2.3.1 Targeting of women under microfinance

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

According to UNDP (2003) Human Development Reports, women make up the majority of lower paid and unemployed portion of most economies. It is believed that the welfare of a family is enhanced, when women are helped to increase their incomes. This is due to the fact that women spend most of their incomes on their households. Hence, assisting women generates a multiplier

effect enlarging the impact of the family needs and, therefore, another justification for giving priority to them.

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

Women's repayment rates also excel that of men and their lower arrears and loan rates have an important effect on their efficiency and sustainability of the institutions. Women's equal access to financial resources is also a human rights issue (Beijing platform for action, 1995).

According to USAID (1995) financial institutions that offer deposit services are very attractive to women. If a gender based organization is aiming to meet the preferences and needs of its clients, savings services must be an integral component of its program. Saving programs targeting at women have the potential to enhance economic empowerment since women make financial security safety and provision priorities in their households (UN Expert group on women and Finance, 1995). As indicated previously, microfinance services initially target women. However, it is not sufficient only to cater to women clients to solve gender issues. A gender sensitive approach is inclusive rather than exclusive (Jahan, 1995). Gender sensitivity is assured when taking into account the needs and constraints of both women and men during the design and delivery of finance. On the other hand, the "women only" targeting approach might further exacerbate gender inequalities.

### 2.4 Paradigms of Microfinance Institutions towards Women Empowerment

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



#### **2.4.1 Feminist empowerment paradigm**

With a focus on gender awareness and feminist organization, microfinance is promoted in light of a wider strategy for women's economic and socio-political empowerment.

In this regard, microfinance must be part of a sectional strategy for change that identifies opportunities and constraints within industries which can raise the prospects for women, when addressed.

In addition, microfinance should be based on participatory principles to build up incremental knowledge of industries and enable women to develop their strategies for change (Mayoux, 2005).

#### **2.4.2 Poverty reduction paradigm**

This paradigm is touched by many NGO integrated poverty-targeted community development programs. The main focus of such programs is the development of sustainable livelihoods, community development and social service provision like literacy, health care and infrastructure. The programs typically target the poorest of the poor. The strategies target women because of higher levels of female poverty and women's responsibility for household well-being. The assumption is that increasing women's access to microfinance will enable them to make greater contribution to household income which is believed to translate into wellbeing for women and result in changes gender inequality.

#### **2.4.3 Financial sustainability Paradigm**

This underlies the models of microfinance promoted since the mid-1905 by most donor agencies. Large programs which are profitable and self-supporting and that, compete with other private banking institutions and capable of raising funds from international financial markets, is the ultimate aim of such endeavors. Financial sustainability is seen as addition to create institutions which reach significant number of the poor. The success of the programs is measured in terms of covering costs from incomes. The need for targeting women is justified on grounds of high female repayment rates and the need to stimulate women's economic activity. It is believed that increasing women's access to microfinance services will in itself lead to individual economic empowerment though enabling women's decisions about savings and credit use to set up micro enterprise, increasing incomes under their control (Mayoux, 2002).

#### **2.5 Gender Based Microfinance Delivery**

Women's access to financial resources has been substantially increasing over the years. However; their ability to benefit from the access in is limited by the gender related disadvantages (Skarlatos, 2004).

In addition, despite their growing capacities, some microfinance institutions provide a decreasing percentage of loans to women.

The loan size provided to women also appears to be smaller in comparison to men although both participate in the same program and belong to the same community.

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

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

The following are some general considerations that should be made when designing programs with the aim of creating gender based strategy (Vyas, 2002). First, a program must contribute to the self-esteem, confidence

and competency of women. This is because women often find it difficult to express their concerns about harmful political and economic policies much less discuss their consequences for gender empowerment. Second, there must be a strong female contingency in the leadership and planning roles of microfinance program.

Filling management positions with women would help to break the belief that women are not capable of handling jobs traditionally held by men.

With proper education and increased self-esteem, women will share the ability to break traditional cycles of subordination and inherent cultural procession.

Lastly, a microfinance program with a focus on gender must have an idea, founded on solid research and reliable information of the financial senses that will be most beneficial to women clients. Agencies also need to develop approaches that provide opportunities for women to decide for themselves about their needs and interests and how positive change can be achieved. Promoting empowerment also requires some fundamental changes within agencies in reviewing their structures and procedures to increase their accountability to the women whose empowerment they aim to support.

Generally, it is essential that empowerment strategies are designed to enable women to gain greater access to information, access and control over resources and the ability to make decisions themselves. (Kabeer, 2005) In order to enhance women's access to credit, the establishment of new and strengthening of existing micro credit mechanisms and micro-finance institutions needs to be undertaken to enhance the outreach of credit (Cheston and Kuhn, 2002). In addition, other supportive measures should be undertaken to ensure adequate flow of funds.

The promotion of women's political participation is an important approach to supporting their empowerment. This includes promoting women in government and national and local party politics as well as supporting women's involvement in NGOs and women's movements.

## CHAPTER THREE

### 3. Description of the Study and Research Methodology

#### 3.1. Description of the Study

South Gondar is a Zone is one among 11 administrative zones of Amhara region and has 15 Woredas while 5 of them are city Woredas. According to data gained during pilot study from South Gondar Administration Office and Agricultural Office, South Gondar is bordered on the south by East Gojjam, on the southwest by West Gojjam and Bahir Dar City Administration, on the west by Tana Lake, on the north by central Gondar, on the northeast by Wag Himra, on the east by North Wollo, and on the southeast by Southern Wollo (Zone Administration Office, 2016). While Abay River separates South Gondar from the two Gojjam Zones, the highest point in the zone is Mount Guna (4,231 meters) and important towns and cities in this zone include Addis Zemen, Debre Tabor (capital city of the South Gondar Zone) and Wereta.

### 3.2 Research methodology

#### 3.2.1 Research approach and Research design of the study

##### 3.2.1.1 Research approach

The study was employed mixed research approach composed of both quantitative and qualitative research methods. This is due to the fact that mixed research approach minimizes some of the limitations of using single method because quantitative or qualitative research methods are not sufficient to address the complex social phenomena when they are treated independently. In other words, qualitative methods suffer from the limitations of generalizing the results beyond the specific research area and go through subjectivity during data collection and analysis. The quantitative method on the other hand, always fails to capture an in-depth understanding of intra and inter-household dynamics especially when the household head is in a position to speak on behalf of his family and/or neighbors.

When quantitative and qualitative research methods are used in combination in one study, they complement to each other and allow for a more complete analysis of the research problem. The quantitative method was explores the socio-economic and political role of ACSI to empower women and the qualitative method also identifying the challenges of women clients in ACSI, identify the socio-economic and political role of ACSI to triangulate the quantitative data. According to Burke (2007), combines methods of different types (quantitative and qualitative)

providing a more elaborated understanding of the phenomenon of interest (including its context) and, as well gaining a greater confidence in the conclusion generated by the evaluation of the study.

Furthermore, concurrent mixed research methods was employ for this study this is because both quantitative and qualitative data was collected simultaneously (concurrently) and the results will be embedded during the analysis.

**3.2.1.2 Research design**

This study was employ exploratory research design which the qualitative data is dominant over the quantitative data. As Angel and Townsend (2011), pointed out in the exploratory research design the quantitative data used to supplement, explain, and triangulate, to enhance, and in some cases follow up the qualitative findings.

**3.3 Sampling procedure and sample size determination**

In the first place the study area was selected purposively because the researcher lives nearest to the area. The study area itself also was limited to three district of the Debre tabor Zone and these districts was be selected randomly. From each district the researcher was taken starting from women clients of 2014. Based on this there were a total of 4427 clients in in Debre Tabor Tawon from this 2017 are female clients, in Laygaint branch there are 4480 out of this 3816 are women and in Hamusit branch there are 6755 clients out of this 4445 are women. Therefore based on the above information the sample size should determine by using Yemane, (19730) formula.

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

Where,

*n=the sample size*

*N= is the total women clients if ACSI,*

*e<sup>2</sup>= the desired level of precision (sampling error).*

Therefore, the researcher takes the conventional confidence level of 95% 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 10278 and error margin of 0.05. Based on these ingredients the researcher is to calculate the sample size of the population of **the three districts** as follows,

$$n = \frac{10278}{1 + 210278 (.05)^2}$$

**Total sample size**

$$n = \frac{10278}{1 + 10278 \times .0025} = \underline{385}$$

$$n = 385 + 5 \% \text{ contingency i.e } 385 + 19 = \underline{404}$$

After the sample size is determined in such away, the researcher was employed proportional sampling technique to select respondents for the questionnaire survey. Therefore, according to the number of women population, the sample population was distributed proportionally for each branch and the questioner was filed during their monthly meeting.

**For better understanding all the above sampling procedures and sampling technique were summarized as follows**

Sample places/districts/	Number of women clients	Sample of women clients(number of respondents in each places districts)
Debre Tabor branch	2017	79
Hamusit branch	4445	175
Lay_Gayint branch	3816	150
Total	10278	404

On the other hand, for qualitative data the participants was selected purposively like women’s who lend money from

the institution before 4 years. A total of 15 key informants was selected (from each 5 key informants) composed of

10 women and 5 men. For FGD There was a total of 18 discussants (female) one FGD in each branch. Each focus group was have 6 discussants in three groups and for in-depth interview 10 participant was involved.

### 3.3.3. Data Sources and Data Collection Techniques

#### 3.3.3.1. Data source

**i) Primary sources-** The researcher was mainly use primary data sources because it gives firsthand information. Survey respondents, KIs and FGD participant's and in-depth interview participants was the primary data sources for this study.

#### 3.3.3.2. Data collection techniques

Survey questionnaire, in-depth interview, FGDs, KIs interview, life history narratives was the instruments used to collect the primary data.

**A) Questionnaire-** the primary data from household survey will be collected using questionnaires. The questionnaires are composed of both closed and open-ended types of questions. The researcher, enumerators and supervisors, all speaking the local language was conducted the survey. The enumerators was first trained by the researcher about how to present and explain each question to respondents. The enumerators was advised to inform each respondents the purpose of the survey before starting the actual interview. The time to interview households, was take from 40 minutes up to 50 minutes.

**B) In-depth- interview-** An in-depth interview is a qualitative research technique that allows for a person to person discussion. Such discussion provides the opportunity to have a deeper understanding of ones beliefs, feelings, and behaviors on important issues. In this activity 10 women was involved from the three districts previously participated in the questioner survey..

#### C) Focus Group Discussion

The focus group discussions was another qualitative data collection method use in this study. This was undertaken in such a way that after having the necessary data from the respondents through questioner, three separate FGDs was employed to triangulate the unclear ideas and information related to the subject under study. Some of women filled questioner previously was invited to participate in the FGDs. This is because of the fact that the researcher strongly believes that invitation of the respondents from

one category of interview technique to the other category (FGDs) would increase the breadth and reliability of the data collected for this study.

The three FGDs were managed by the researcher and the note taking process was conducted by the researcher and moderators that was selected by the researcher previous experience. There was a total of 18 discussants (female). Each focus group was have 6 discussants.

**ii) Secondary sources-** To supplement the primary data, secondary sources of information was collected through extensive review of reports, journals and guidelines.

**Document review-** Document review was also the most important data collecting instrument by extensive analysis of, journals, guidelines and reports was reviewed.

### 3.3.4. Data analysis

Both quantitative and qualitative data analysis techniques was used in this study. Summarizing what was heard during the discussions in to words, phrases or patterns could be the major tasks that could be accomplished in qualitative data analysis. Hence, the information that could be collected through KIs interviews; focus-group discussions was documented and analyzed textually to substantiate the statistical results from the structured questionnaire. In general, the collected data was analyzed through narrations, descriptions and direct quotations.

The quantitative data analysis is a process of tabulating, interpreting and summarizing empirical and numerical data for the purpose of describing or generalizing the population from the samples. Upon completion of the data collection, the data was coded, edited, digitized and entered into the statistical package SPSS (Statistical Package for Social Scientists) and was analyzed using descriptive statistics such as percentages and tables.

## CHAPTER FOUR

### 4. Findings, Discussion and Analysis

#### 4.1 Characteristics of the Respondents

This chapter deals with the background characteristics of the respondents considered in the study. A total of 28 individuals were involved in the in-depth interview and focus group discussion. The age of the study participants

ranged from 20 to 40 and above. The majority of the participants was above the age of 30 and is predominately followers of the Orthodox Church. The respondents, whose educational level ranged from illiterate to secondary level, mostly learned about the existence and

function of the ACSI from friends and relatives. Furthermore, it is observed that the participants differ in their marital status, i.e., consist of single, married, widow and divorced women. Background characteristics of respondents are presented here below.

**Table 1** Proportion of age distribution of the sample population

Age	No. of cases	Percent
20-24	40	9.9
25-29	64	15.8
30-34	150	37
35-40	100	25
Above 40	50	12.3
Total	404	100

Source: Survey conducted by the researcher

Table 1 shows that 37percent of the women fall in the age group of 30-34. The women above 40 years of age constitute 12.3 percent. Only a few, i.e. 9.9 percent, of the women are 20-24 years. 15.8 percent of the respondents are between 25 to 29 years of age while those aged 35-40 are 25 percent. Generally, the majority of the clients are above the age of 30.

**Table 2** Percentage distribution of the sample by religion

Religion	No. of cases	Percent
Orthodox	297	73.5
Muslim	107	26.5
Protestant	-	-
No religion	-	-
Total	404	100

Source: Survey conducted by the researcher

Table 2 shows that 73.5 percent of the clients are Orthodox Christians while the rest 26.5 percent of the clients are Muslims.

**Table 3** Percentage distribution of the sample by marital status

Marital Status	No. of cases	Percent
Married	242	60
Widow	61	15
Divorced	20	5
Single	81	20
Total	404	100

Source: Survey conducted by the researcher

As indicated in Table 3, 60 percent of the clients are married while 15 percent are Widows. Respondents who have divorced are 9.4 percent while the remaining 20 percent singles. This shows that the great majority of the clients are married.

**Table 4 Percentage distribution of the sample by level of education**

Level of education	No. of cases	Percent
Illiterate	85	21
Read and write	238	59
Primary Level	24	6
Secondary level	56	14
Total	404	100

Source: Survey conducted by the researcher

Regarding the educational level of the clients, Table 4 shows that about 21percent are illiterate while 59 percent can read and write although they have not undergone through formal education. Furthermore, 6percent and 214percent have reached primary and secondary school level, respectively. This reflects that none of the clients is above secondary level and that the majority lack formal education. From the above table one can conclude that the ACSI provides financial access generally to those with low level of education.

## 4.2 General Characteristics in relation to ACSI

### A. Source of Information

**Table 5 Percentage distribution of the sample by source of information about ACSI**

Source of information	No. of cases	Percent
People	<b>291</b>	<b>72</b>
Kebele	<b>113</b>	<b>28</b>
Total	<b>404</b>	<b>100</b>

Source: Survey conducted by the researcher

In table 5, as per the response of the clients they joined ACSI in two ways. 72 percent of the clients heard information about ACSI from people while the source of information for the remaining 28 percent was Kebele. Results of the focus group discussions and in-depth interview also indicated that the majority of the clients heard information about ACSI was from the people.

**B. Source of Credit**

Table 6 Percentage distribution of the sample by source of credit before joining ACSI.

Source of credit	No. of cases	Percent
Private money lenders	<b>101</b>	<b>28</b>
Relatives/friends	<b>81</b>	<b>20</b>
Equib/iddir	<b>12</b>	<b>3</b>
No means	<b>210</b>	<b>52</b>
Total	<b>404</b>	<b>100</b>

Source: Survey conducted by the researcher

As Table 6 shows, before joining ACSI, 28 percent of respondents were using private money lenders as their source of credit. While 20 percent depended on relatives and friends. Iqub and Idir constituted as the credit source for 3 percent of the clients while 52 percent of the respondents did not have any source of credit before joining ACSI. The above figures indicate that the majority of the respondents lacked a means of credit before they joined the ACSI. One of women participant whose age was 35 stated her experience about the source of credit of ACSI as follows.

*I was forced to borrow money from my neighbors to support my family because I did not have a job and my husband was laid off from his job. Begging money now and then and sometimes failing to pay it back was a source of humiliation for me (Interview 4).*

A 30 year old respondent, who is a widow, described the following situation about private lenders during the FGD.

*I borrowed money from a private lender for my consumption purposes. After I took the loan, the lender started pushing me to settle the debt earlier than previously agreed threatening me to double the interest rate if I failed to accept the new date. He also threatened to seize my household equipment if I did not comply with his directive. I had no option but to plead for money from others and pay the debt as I suffered stress and my life was disordered and after this I advise my friends do not took money from private lenders. (FDG, Group 2).*

Therefore from the above quantitative and qualitative data one can concluded that majority of the respondents cannot know have no sources of credit before joining ACSI even though the rest of the respondents borrow money from private lenders, friends relatives they suffer a lot of problem due to its legal status high level of interest rate.

**4.3 Views about the ACSI****A. Positive views about ACSI**

**Table 7 Percentage distribution of the sample by reasons for positive views about ACSI**

Reason	No. of cases	Percent
Low interest rate than other informal sources of credit	77	19
Steady source of working capital	119	29.5
Group solidarity and/or group dynamics	48	12
Easier guarantees than other loan alternatives	200	39.5
Total	404	100

Source: Survey conducted by the researcher

As stated in Table 7, 19 percent of respondents responds that they have positive view on ACSI because of low interest rate than other informal sources of credit. While 29.5 percent of them due it is the steady sources of working capital and 12 percent also stated its positive impact on group solidarity and group dynamics. 39.5 percent of the clients prefer ACSI because of the relative lower guarantee requirements compared to other sources of loan.

**B. Negative Views about the ACSI**

**Table 8 Percentage distribution of the sample by reasons for negative views about ACSI**

Reason	No. of cases	Percent
High interest rate	89	22.2
Too small loan size	61	1.5
Repayment policy	26	6.5
Problematic groups	48	4.1
Dynamic	40	10
Do not know	225	55.7
High interest rate, small loan size, repayment policy	404	100
Total		

Source: Survey conducted by the researcher

Table 8 visualizes that 22.2 percent of the respondents have negative attitude on ACSI because the perceived high interest rates while 1.5 percent showed dislike due to small loan size. The perceived problematic group dynamics and repayment policy also contains 4.1 percent and 6.5 percent respectively. Furthermore, majority of the respondents, i.e., 55.7 percent have



complained about high interest rates, too small loan size and the repayment policy. The rest were unable to explain any negative perceptions regarding ACSI. The interview and FGD participants also supports this idea.

A divorced client who is 35 years of age and has been a member of the ACSI for 5 years noted the following.

*Even though the interest rate applied by the ACSI is smaller compared to that levied. By private lenders, the interest rate of ACSI is still too much for me. In addition, the interest rate on loans taken is not comparable to the amount offered for savings. Interest used to be calculated on the remaining balance of the loan taken but these days the initial amount is considered for interest.*

(FGD, Group2).

#### 4.4 Economic impact of ACSI

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

##### A. Level of Income

**Table 9 Percentage distribution of the sample by level of income**

Level of income	Before ACSI		After ACSI	
	No of Cases	Percent	No of Cases	Percent
<100 birr	26	6.5	25	6.2
101 - 200 birr	93	23	73	18.1
201 - 300 birr	111	27.5	134	33.2
301 - 400 birr	32	8	30	7.5
401 - 500 birr	22	5.5	45	11.2
> 500 birr	16	4	27	6.6
No Information	103	25.5	70	17.2
Total	404	100	404	100

Source: Survey conducted by the researcher

Table 9 shows that before joining ACSI 6.5 percent of the respondents have acquired less than Birr 100 while 6.2 percent were after joining ACSI.

While between Birr 101-200 accounts 23 and 18.1 percent before and after ACSI. The percentage of respondents that have between Birr 201 and 300, Birr 301 and 400, and Birr 401 and 500 has respectively been 27.5 percent, 8 percent and 5.5 percent before joining ACSI. While 33.2 percent, 7.5 and 11.2 percent respectively accounts after joining ACSI. In addition to

this 4 percent were have more than 500 birr before ACSI and 6.6 percent after ACSI where as 25.5 percent and 17.5 percent of them have no information about their income before and after ACSI respectively.

The above comparisons indicate that the some of the clients have managed to increase their incomes after they joined the ACSI although others still earn the same amount of income during both periods. There are also clients that were not able to specify their incomes both before and after they participation in the ACSI. The results of the FGD and in-depth interview revealed that the increases in income after joining the ACSI are small for the majority of the clients. In addition, some respondents were not able to tell whether their incomes have actually increased or decreased after their membership in ACSI. A 32 years old lady who has been a client of the ACSI for two and half years stated the situation as follows.

*I was previously engaged in small business/trade and continued in the same business after I joined the ACSI. I have not seen any changes in my life after participating in the ACSI. I didn't know whether my income has improved or deteriorated after joining ACSI (Interview 9).*

There were also clients who said that their incomes have decreased after they joined ACSI and some the interviewee stated that before they were joined the ACSI their income were increased.

Generally speaking from the above finding one can understand that the level of income of women clients in the institution before joining and after joining ACSI was vary from individual to individual because of their personal commitment.

**B. Use of Loan**

**Table 10 Percentage distribution of the sample by purpose for which loan is used.**

Use of Loan	No of cases	Percent
Purchase of food items	21	5.2
business/trade	383	94.8
Total	404	100

Source: Survey conducted by the researcher

As presented from Table 10, only 5.2 percent of the respondents used the credit money for the purchase of food items while the rest 94.8 percent use the funds for small business and trade. Therefore, ACSI has enabled the women to engage in small businesses.

This finding also supported by the participants of FGD and in-depth interview. They responded that the loan what they got from the institution was utilized for business purpose like preparing Injera, Ambashes, Baltinashoping, bulding house for rent purpose, sale of vegetables, fruits etc. From the above results, one can understand that the majority of the clients were engaged in economic activities that offer self-employment.

**C. Money Savings**

**Table 11 Percentage distribution of the sample by level of money savings**

Money saving	Before ACSI		After ACSI	
	No of Cases	Percent	No of Cases	Percent

never saved	<b>368</b>	<b>91.2</b>	<b>61</b>	<b>15.1</b>
save in ACSI	-	-	<b>313</b>	<b>77.7</b>
save in Bank	<b>36</b>	<b>8.8</b>	<b>30</b>	<b>7.2</b>
Total	<b>404</b>	<b>100</b>	<b>404</b>	<b>100</b>

Source: Survey conducted by the researcher

From table 11, 77.7 percent of the respondents explained that they have managed to earn a small amount of money and open saving account in the ACSI after joining ACSI while 7.2 percent of them save in the bank. The rest 15.1 percent do not have a savings account at all. This indicates that the number of clients that are able to save has increased after joining ACSI. As per the FGD and in-depth interview, the majority of the respondents have savings account in ACSI but they were not aware of the amount of interest rates. Related with this A 28 years old client explained the situation as follows.

*I did not have a savings account before joining the ACSI. Because of having a very small amount of money, it was shameful to go to the bank and deposit it and I did not have a time to do that. I now have a bank book opened with the ACSI which allows me to deposit my savings upon settlement of the loan. (FGD, Group 2).*

This indicates that ACSI helped them to earn money and open a saving account, by giving awareness to save money starting from birr one in order to settle their loan and saving a certain amount of money builds confidence for women.

**D. Decisions on Credit**

**Table 12 percentage distribution decision on credit**

Decision maker	No of Cases	Percent
Myself alone	<b>275</b>	<b>68.3</b>
my husband and myself together	<b>129</b>	<b>32.7</b>
Total	<b>404</b>	<b>100</b>

Source: Survey conducted by the researcher

From table 12, 68.3 percent of the respondents manage and make decisions by themselves alone on the loan they receive from ACSI. The loan is handled jointly with the husband for 32.7 percent of the respondents. This shows that the decisions pertaining to the loan secured from ACSI are made either by the women alone or jointly with the husband. The results of the focus group discussion and in-depth interview also supports the result of the questioner survey meaning majority of the clients responds that they decide the interest rate of ACSI alone where as some of them they decide the credit jointly with their husband.

**4.5 Impact of microfinance at the household level**

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

**I. Cash Expenditure of the Husband**

Table 13 Percentage distribution of the sample by cash expenditure of the husband

Husband Expenditure	Before ACSI		After ACSI	
	No of Cases	Percent	No of Cases	Percent
Spend for family purpose	203	50.3	181	44.9
Spend more for personal use(cloth, drinking liquors, etc)	51	12.7	73	18.1
Doesn’t have a job	67	17	67	17
Those who do not have spouse	81	20	81	20
Total	404	100	404	100

Source: Survey conducted by the researcher

As table 13 shows that the husband spends for family purposes was about 50.3 percent and 44.9 percent of the respondents, respectively, before and after joining ACSI. The personal expenditure of the husband has also increased from 12.7 percent to 18.1 percent before ACSI and after ACSI respectively. Whereas about 17 percent of the respondents’ husbands, has no jobs both after and before they joined ACSI and the rest 20 percent of them do not have spouse before and after joining ACSI. This shows that the husband’s expenditure for family purpose has decreased and expenditure for personal use has increased after the wife became a member of ACSI.

The results of in-depth interview, FGD and key informants’ interview also supports the above result for instance one of the interviewee explains the expenditure her husband was mostly for family purpose before joining ACSI and on the other hand her husband’s personal expenditure increases after she joined ACSI. From the survey, in-depth interview and FGD participant we can conclude that even though ACSI 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.

**II. Husband Value to Women’s Contribution**

Table 14 Percentage distribution of the sample by the value of husband’s to Women’s contribution

Husbands value	Before ACSI	After ACSI

	No of Cases	Percent	No of Cases	Percent
Appreciation	36	8.8	126	31.2
Keeps quite(as normal)	211	52.3	163	40.4
less important (no appreciation)	76	18.9	34	8.4
Those who do not have spouse	81	20	81	20
Total	404	100	404	100

Source: Survey conducted by the researcher

As presented table 14 8.8percent and 31 percent of the respondent responded that they appreciated by their husband before and after ACSI respectively and 52.3 and 40.4 of the responded that their husband was not give appreciation rather keeps quit as normal. On the other hand18.8 and 8.4 percent of them have no appreciation both before and after joining ACSI. The qualitative finding also investigates the reasons what the husband supports their wife for instance a 30 years old woman noted that

*My husband appreciates my contribution made to the household after I joined the ACSI* (FGD, Group 1).

Some of the in-depth interview participants also stated that their husband appreciate because of their contribution in performing household activities because he reduces the money that he gives money for the family use and the husband uses more money for personal purpose as compared with before. On the other hand some of the respondents responded that some of the husbands were not happy after their wives were joined ACSI because of fear of being dominated by their wives. This is because of the patriarchal attitude of the society.

**III. Household Decision Making**

**Table 15 Percentage distribution of the sample by participation in household Decision making**

Role in decisions	Before ACSI		After ACSI	
	No of Cases	Percent	No of Cases	Percent
Fully participate	65	16.1	102	25.3
Occasionally/partly	94	23.2	121	30
Rarely	127	31.5	137	33.9
Those who do not have Spouse	81	20	81	20
Total	404	100	404	100

Source: Survey conducted by the researcher

Table 15 shows that 16.1percent and 25.3 percent of the respondents fully participate in household decisions before and after joining ACSI and23.2 percent and 30 percent of them were participated partly/occasionally.31.5 percent and 33.9 of them rarely have decision making power before and after joining ACSI. The remaining 20 percent of respondents were those do not have spouse. Full Participation in decision making at household level, partly participating and rarely participating in decision making power at household level was increased after joining ACSI. Lastly 20 percent of them have no have spouses.

From the above finding we can conclude that ACSI helped the women to enhance their economic status and made decision on using the loan to their family. Even though ACSI failed to bring about changes in gender relations on the decision making power except with regards to the loans secured, however, the fact that some participate in household decisions by using the loan is a positive step towards their empowerment.

**IV. Domestic Violence**

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

**Table 16 Percentage distribution of the sample by level of domestic violence**

Level of domestic violence	Before ACSI		After ACSI	
	No of Cases	Percent	No of Cases	Percent
Frequently	65	16.2	51	12.7
Occasionally	132	32.6	115	28.5
	90	22.4	121	30
Rarely	35	8.8	35	8.8
Never	81	20	81	20
Those who do not have spouse	404	100	404	100
Total				

Source: Survey conducted by the researcher

Tables 16 indicates that the percentage of women that encounter domestic violence has decreased to 12.7 percent after joining ACSI as compared to 16.2 percent prior to participating in the program frequently. 28.5percent of the clients occasionally encountered violence after Joining ACSI while the figure was 32.6 percent previously. The percentage of clients that have rarely experienced domestic violence before and after joining ACSI was 22.4 and30 percent respectively and 8.8 percent of them were never participated in decision making process before and after ACSI.While20 percent of them do not have spouse.

In line with the above finding the qualitative result also shows that the level of violence has decreases for those women for which the situation was related to economic problems as ACSI has helped them to enhance their incomes. Example 33 years old woman stated that,

*My husband used to insult and beat me when I request money for household consumption. He has stopped the insult and beating after my membership with the MFI as I no more ask for money from him (Interview 4).*

As we can see here, one can conclude that ACSI made a significant change in the household gender relationship. It has a positive impact on the domestic violence and women’s decision making power on the loan is a sign of empowerment.

**V. Participation in Traditional Institutions**

**Table 17 Percentage distribution of the sample by participation in traditional Institutions**

Traditional Institution	Before ACSI		After ACSI	
	No of Cases	Percent	No of Cases	Percent
quib	75	18.5	75	18.5
Idir	242	60	242	60
Mahiber	87	21.5	87	21.5
Total	404	100	404	100

Source: Survey conducted by the researcher

As shown in Table 17, the percentage of respondents that participate in equib is 18.5 percent both before and after joining ACSI, 60 percent of respondents are participating in Idir both before and after joining ACSI and 21.5 of them responded that they participated in Mahiber both before and after joining ACSI.

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

**VI. Domestic Workload**

**Table 18 Percentage distribution of the sample by assessment of domestic work Load**

Characteristics	Before ACSI		After ACSI	
	No of Cases	Percent	No of Cases	Percent
Very high	146	36.2	146	36.2

High	105	26	105	26
Medium	140	34.8	140	34.8
low	13	3	13	3
Total	404	100	404	100

Source: Survey conducted by the researcher

Table 18 indicates that the domestic work load was very high for 36.2 percent of women clients both before and after joining ACSI. On the other hand, 26 percent indicated that the work load was high before and after joining, the work load is medium for 34.8 percent of respondents both before and after joining ACSI and Finally, the work load remained at lower level for 3 percent of the respondents both before and after ACSI. This indicates even though women were participating in small business a resistivity’s because of ACSI still the domestic work load is residing on their hand. In the qualitative result shows that 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 27 years old respondent gave her views as follows.

*I was engaged in small trade before I joined the MFI and hence was able to handle the domestic workload. However, I now spend the whole day in my small shop to enhance my income and also repay the debts. I am also expected to handle domestic work when I return home. In addition, I have other social engagement such as edir and equib. I really find it difficult to carry out all these activities.*

(FGD, Group 2).

**Table 19 Percentage distribution of the sample by confidence and interest levels to claim for political and legal right**

Confidence level	Before ACSI		After ACSI	
	No of Cases	Percent	No of Cases	Percent
High	78	19	132	32.6
Medium	88	22	168	41.5
Low	238	59	104	25.9
Total	404	100	404	100

Source: Survey conducted by the researcher

Table 19 shows that 19 and 32.6 of the respondents responded that their confidence level was high before and after joining ACSI respectively, 22 and 41.5 of them have medium confidence level before and after joining ACSI respectively and 59 and 25.9 percent of them have low level. From the above result we can conclude that the confidence level of women clients to realize their legal rights were increased.



**VII. Ownership Rights****Table 20 Percentage distribution of the sample by ownership rights**

Characteristics	Before ACSI		After ACSI	
	No of Cases	Percent	No of Cases	Percent
High	75	18.6	103	25.5
Medium	134	33.1	170	42.1
Poor	114	28.3	50	12.4
Those who do not have spouse	81	20	81	20
Total	404	100	404	100

Source: Survey conducted by the researcher

Table 20 indicates that the percentage of respondents that have achieved the right to jointly own household asset was 18.6 and 25.5 percent before and after joining ACSI respectively. Respondents with medium joint ownership rights was 33.1 and 42.1 percent before and after joining ACSI. Furthermore, the percentage of respondents that remained low ownership rights was 28.3 and 12.4 percent respectively and the rest 20 percent of them do not have spouse. From the above finding we can conclude that the right to ownership increases after joining ACSI and the qualitative result also support the quantitative result as the same time.

**VIII. Political Participation****Table 21 Percentage distribution of the sample by political participation**

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

Characteristics	Before ACSI		After ACSI	
	No of Cases	Percent	No of Cases	Percent
Many times	77	19	92	22.7
Sometimes	141	35.2	170	42.1
	186	46		
Never	404	100	404	100
Total	404	100	404	100

Source: Survey conducted by the researcher

Table 21 shows that the political position of the respondents has generally increase after joining ACSI. In this regard, 19 and 22.7 percent of them have been elected for political positions for a number of times, both before and after ACSI respectively. While 35.2 and 42.1 percent were sometimes elected before and after ACSI and 46 and 35.2 percent have never assumed political positions both before and after ACSI. Generally, ACSI can boost the number of clients that assume political positions. The focus group discussion and in-depth interviews have also revealed that the majority of the clients generally show high interest and confidence to claim for their political and legal rights after joining ACSI.

#### 4.6 The Impact of ACSI on Self Confidence

As indicated under the review of literature, self-confidence and self-esteem are potential results of empowerment. This part deals with the impact of ACSI on the self-esteem and self-confidence of the clients. Cheston and Kuhn (2002) identified self-confidence as one of the most crucial areas for empowerment. The qualitative finding of the study shows that the effects of ACSI after their participation was enhancing the client self-confidence. For instance 35 years old lady respondent stated that, *Although my husband is not happy with the contribution I make to the household, my self-confidence has increased because I have realized that I can work and become economically independent. (FGD, Group 1).*

In general the self-confidence of most of the women has enhanced after their Participation in ACSI. This is a very basic requirement of empowerment as the Women would be encouraged to work hard and improve their lives as their self- Confidence enhances.

#### 4.7 challenges of women clients in ACSI

As the result of in-depth interview and the focus group discussion showed that women clients face different challenges when they participate in the institution including recitative training meaning that most of women clients gaining training when the join to the institution for the first time after that they have no repetitive training access how to use the money that gain from the institution in the form of credit, the other one most of the time the institution doesn't give reward for women's that became successful by that credit, the other one was the concerned body of the institution did not follow up group solidarity of women clients that gain a loan from the institution.

## CHAPTER FIVE

### Summary, Conclusion and Recommendation

#### 5.1 Summary

As a human rights issue, the empowerment of women is required because of the fact that women are generally more vulnerable to poverty and it is a basic condition for development. The empowerment of women is also fundamental to bring changes in areas such as health and finance in the family and the society at large. The delivery of microfinance like ACSI is one of the approaches to the empowerment of women. The objective of the study is to assess the role of microfinance specifically the role of ACSI in the empowerment of women. The researcher used both qualitative and quantitative methods to obtain a reliable data. Three focus group discussions were conducted involving 18 women clients while in-depth interviews were carried out with another 10. In addition, structured questionnaires were administered for 404 clients of ACSI.

The clients considered in the study were women in the age range of 20 to above 40 years and predominately followers of the Orthodox Church. The educational level of the women ranged from illiterate to secondary school while their marital status fall in the categories of married, widowed, divorced and singles. The majority of the clients heard about the ACSI from relatives and friends and have an experience of four or more years with the institution. Furthermore, private money lenders were the source of credit for most of the women before they joined the ACSI. The results of the study revealed that the clients have a positive perception of the microfinance institution because it is viewed as a steady source of working capital with lower interest rates than other informal sources of credit and guarantee requirements in comparison to the informal sector. On the negative side, clients consider the loans offered by the institution as too small, its repayment policy inflexible and with problematic group dynamics and high interest rate of the institution.

Although the results vary, the study indicated that the delivery of ACSI has resulted in income increases for some of the clients. While a few of the clients use their earnings for the purchase of food items, the research revealed that most employed the incomes to start their own business, usually small trade.

Furthermore, the majority of the clients have been able to generate money savings after joining the institution. It has also been found out that decisions pertaining to the money secured through credit and the resulting incomes are made either solely by themselves or jointly with the husband. The above results indicate that the delivery ACSI has shown positive signs towards the economic empowerment of the women.

The results have shown that women mostly tend to spend incomes generated through microfinance for family purposes. However, the husbands reactions to the contribution made by the women are mixed, i.e., appreciation, indifference, or disapproval. The results of the study did not reveal an enhancement in the decision making power of women and varying, i.e., declining as well as increasing, trends of domestic violence were observed following the participation in ACSI. Generally, in addition to the economic empowerment, ACSI has brought about changes in decision making powers of the women at the household level. The study also revealed that the workload of the women has remain the same both before and after they joined ACSI. This is because the women now carry-out the domestic, private and community activities.

Furthermore, access to microfinance has resulted in the political empowerment of the women as reflected in the respect for their legal rights, ownership of household assets and assuming of political position. The women's self-confidence in relation to their capabilities to work on their own and improve their lives has improved after their participation in microfinance. The development of self-confidence is considered to be a positive step towards their empowerment.

## 5.2 Conclusion

ACSI plays a pivotal role in the economic empowerment of women in the study area. Through the provision of loans to women, particularly to the poor, uneducated and who are not able to fulfill the collateral requirements laid down by other lending institutions, ACSI enables them to be self-employed. Consequently, some of the women have managed to increase their incomes, although in small amounts, and improve savings. In addition, the decision making powers of the women on the loan secured from the

ACSI has enhanced following their participation in the institution.

The above findings indicate that the delivery of ACSI had positive role in the economic empowerment of the clients. However, access to microfinance specifically in the case of ACSI has result some changes in gender relations at the household level and the attitude of the husband towards the women's contribution to the household. The impact of microfinance in enhancing the women's decision making powers was also significant. Furthermore, although the level of domestic violence has shown decline in some cases after joining ACSI.

Despite its positive impacts on improving the women's basic needs, microfinance has generally short of bringing about changes in strategic gender needs and gender relations at the household level. With regards to the availability of spare times for women, the involvement in ACSI has actually increased their work burdens. In addition, their situation is exacerbated due to the fact that they receive no assistance from the husband in carrying out the domestic activities.

In the political arena, ACSI has in some extent successful in enhancing the political participation of women and ensuring the respect for their legal rights. The results basically indicate that improving the political situation of women without taking actions beyond the delivery of economic resources through ACSI would be achieved. In general, the delivery of microfinance (ACSI) had positive impacts in the economic empowerment of the clients, this also enhanced the women's self-confidence and enabled them to realize their potentials to engage in business and improve the household which is positive sigh of empowerment. On the other hand absence of consecutive training for women clients, reward and absence of good group solidarity was some of the challenges of women client in the institution.

## 5.3. Recommendation

Based on the findings of this study, the following recommendations were made.

- The study suggests that access to training is one of the challenges for women clients to use the loan effectively. Thus the concerned body should enhance women clients access training.

- The result of the study revealed that the attitude of husband towards gender role which is the assignment of tasks for women and men was the most significant challenges for women's decision making power at house hold level. Therefore efforts should be made to awareness to the husband with complete and up to date information on the equal decision making power of women with men and to avoid the attitude women are ineffective men are effective,
- Even though income and low asset ownership right were determinants of women's decision making

power according to the result of the study. Thus, increase women's ability to generate and control income and the society should give value for women's domestic work,

- The women affairs office has to consider women's training in such issues of gender role in the society, the way to enhance their economic power, the way to get access to credit, put strategies to access education by collaborating with the woreda women affairs office. These to help women's lift decision making power inside and outside the house.

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## SAMPLE QUESTIONER

### A. STRUCTURED QUESTIONNAIRE

1. Age

1. 20-24

4. 35-40

2. 25-29

5. 40 and above

3. 30-34

2. Religion

1. Orthodox

2. Muslim

4. Protestant

3. Catholic

5. Others

3) Marital Status

1. Married

3. Divorced

2. Widow

4. Single

4) Level of education

1. Illiterate

3. Primary Level

2. Read and write

4. Secondary level

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

1. 1-2

2. 3-4

6) What was your source of information about ACSI ?

1. People

2. Kebele

3. Others

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

1. Private money lenders

3. Equib/iddir

2. Relatives/friends

4. No means

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

1. Low interest rate than other informal sources of credit

2. Steady source of working capital

3. Group solidarity and/or group dynamics

4. Easier guarantees than other loan alternatives

9) What are the limitations of the ACSI?

1. High interest rate

2. Too small loan size

3. Repayment policy
  4. Problematic groups dynamic
  5. Do not know
  6. High interest rate, small loan size, repayment policy
- 10) What was your level of income before joining the ACSI?
- |                   |                   |
|-------------------|-------------------|
| 1. <100 birr      | 5. 401 - 500 birr |
| 2. 101 - 200 birr | 6. > 500 birr     |
| 3. 201 - 300 birr | 7. Do not know    |
| 4. 301 - 400 birr |                   |
- 11) What is your level of income before joining the ACSI?
- |                    |                   |
|--------------------|-------------------|
| 1. <100 birr       | 5. 401 - 500 birr |
| 2. .101 - 200 birr | 6. > 500 birr     |
| 3. 201 - 300 birr  | 7. Do not know    |
| 4. 301 - 400 birr  |                   |
- 12) For what purpose(s) do you use the loan secured from the ACSI?
1. Purchase of food items
  2. .Business/trade
  3. .Others
- 13) Where did you save your money before joining the ACSI?
1. Save in ACSI
  2. Save in Bank
  3. Never saved
- 14) Who makes decisions pertaining to the use of loan secured through ACSI?
1. Myself alone
  2. My husband and myself
  3. together
  4. My husband

15) Who is the head of the family?

1. Husband
2. Wife
3. No spouse

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

1. Spend for family purpose
2. Spend more for personal use (cloth, drinking liquors, etc)
3. Doesn.t have a job
4. No spouse

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

1. Spend for family purpose
2. Spend more for personal use (cloth, drinking liquors, etc)
3. Doesn.t have a job
4. No spouse

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

- 1 .Appreciation
- 2 .Keeps quite(as normal)
- 3 .Less important (no appreciation)
- 4 .Doesn.t have a job
- 5 .No spouse

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

- 1 .Appreciation
- 2 .Keeps quite (as normal)
- 3 .Less important (no appreciation)
- 4 .Doesn.t have a job
- 5 .No spouse

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

1. Fully participate
2. Occasionally/partly
3. Rarely
4. Never

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

1. Fully participate
2. Occasionally/partly
3. Rarely
4. Never

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

1. Frequently
2. Occasionally
3. Rarely
4. Never

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

1. Frequently

2. Occasionally
  3. Rarely
  4. Never
- 24) In which institutions did you participate before joining the ACSI?
1. Equib
  2. Idir
  3. Mahiber
- 25) In which institutions do you participate after joining the ACSI?
1. .Equib
  2. .Idir
  3. .Mahibe
- 26) How do you assess the domestic workload before your membership in the ACSI?
1. Very high
  2. High
  3. Medium
  4. Low
- 27) How do you assess the domestic workload after your membership in the ACSI?
1. Very high
  2. High
  3. Medium
  4. Low
- 28) Did your husband assist you in carrying out the domestic work before you joined?  
the ACSI?
1. Yes
  2. No
  3. No spouse
- 29) Does your husband assist you in carrying out the domestic work after you joined?  
the ACSI?
1. Yes
  2. No
  3. No spouse
- 30) How do you view your confidence to claim for political and legal rights before  
joining the ACSI?
1. High
  2. Medium
  3. Low
- 31) How do you view your confidence to claim for political and legal rights after  
joining the ACSI?
1. High
  2. Medium
  3. Low
- 32) Did you enjoy asset ownership rights before joining ACSI?
1. High
  2. Medium



- 3. Poor
- 4. No Spouse
- 33) Do you enjoy asset ownership rights after joining ACSI?
  - 1. High
  - 2. Medium
  - 3. Poor
  - 4. No Spouse
- 34) How was your political participation before joining the MFI?
  - 1 .Many times
  - 2 Sometimes
  - 3 Never
- 35) How is your political participation after joining the MFI?
  - 1 Many times
  - 2 Sometimes
  - 3 Never

- 36) Have often do you attend training and awareness sessions after joining the MFI?
  - 1 Always
  - 2 Sometimes
  - 3 Never at all
- 37) How do you assess your confidence level before joining the MFI?
  - 1 Very important
  - 2 Less important
  - 3 I do not know
- 38) How do you assess your confidence level after joining the MFI?
  - 1 Very important
  - 2 Less important
  - 3 I do not know

**B. IN-DEPTH INTERVIEW**

Age \_\_\_\_\_

Religion \_\_\_\_\_

Marital Status \_\_\_\_\_

Level of Education \_\_\_\_\_

Duration of Microfinance (ACSI) Membership (In Years) \_\_\_\_\_

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

the ACSI ? If you have noticed any change, what do you think are the reasons for it?

8) Is there any change in your household decision making after your membership in ACSI?

**C. FOCUS GROUP DISCUSSION**

Age \_\_\_\_\_

Religion \_\_\_\_\_

Marital Status \_\_\_\_\_

Level of Education \_\_\_\_\_

Duration of Microfinance (ACSI) Membership (In Years) \_\_\_\_\_

1. Before joining the ACSI, where did you use to borrow money from? If you had a source of credit, please explain any problems you experienced with the former source of credit.

2. In your view, what are the advantages and limitations of the microfinance delivery by the institution?

3. How do you utilize the loan secured from the ACSI? How do you compare the income and saving levels before and after joining the ACSI ?

3. Who decides on the use of the loan received from the ACSI?