

**THE ROLE OF MICROFINANCE INSTITUTIONS IN IMPROVING THE  
LIVELIHOODS OF WOMEN: A CASE STUDY OF SELECTED COMMUNITIES IN  
THE OFFINSO MUNICIPALITY  
AND TAFO SUB-METROPOLITAN AREA**

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## DECLARATION

I hereby declare that, this submission is my own work towards the Mphil Geography and Rural Development degree and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of any university, except where due acknowledgment has been made in the text.

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## DEDICATION

To God Almighty and my parents for their Love, Dedication and Sacrifice.

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## ABSTRACT

Micro-credit has been identified as one of the developmental tools, aimed at reducing poverty by bringing a significant improvement in the lives of the vulnerable groups in our society- specially women who are without assets. The objective of this study was to examine micro-credit in improving the livelihoods of women in the selected communities in the Offinso Municipality and Tafo Sub-Metropolitan Area. A conceptual framework developed by Mayoux (2009), which has been modified for the study, gives, a theoretical explanation on the impact of the savings and credit in the lives of women. Both qualitative and quantitative data were collected using interview guide, questionnaires and focus group discussion guide. Percentage and frequency tables and graphs, using the Statistical Package for Social Sciences (SPSS) were the methods used to present the data. A sample of 301 women who had access to micro-credit was covered. The study revealed that access to micro-credit has led to improvement in the women's living conditions in the area of health care, quality food and improved incomes. Again it was found that women's social recognition within their household had improved. However, beneficiaries encounter various challenges in accessing and using the fund, in the form of delayed disbursement and interference from family relation, respectively. It is recommended that beneficiaries used the fund for the right purpose.

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I take the sole responsibility for every error or mistake that may be found in this work.

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## **LIST OF ACRONYMS/ABBREVIATIONS**

<b>ADB</b>	Asian Development Bank
<b>CGAP</b>	Consultative Group to Assist the Poor
<b>FNGOs</b>	Financial Nongovernmental Organizations
<b>FAO</b>	Food and Agriculture Organization
<b>GLSS</b>	Ghana Living Standard Survey
<b>GNP</b>	Gross National Product
<b>GPRS</b>	Ghana and Poverty Reduction Strategy
<b>ILO</b>	International Labour Organization
<b>KMA</b>	Kumasi Metropolitan Assembly
<b>MOFEP</b>	Ministry of Finance and Economic Planning
<b>MFIs</b>	Microfinance Institutions
<b>MSEs</b>	Minimum Scale Enterprises
<b>NGOs</b>	Non-Governmental Organizations
<b>OM</b>	Offinso Municipality
<b>PNDC</b>	Provisional National Defence Council
<b>ROSCAs</b>	Rotating Savings and Credit Association
<b>SAT</b>	Sinapi Aba Trust
<b>SPSS</b>	Statistical Package for Social Sciences
<b>UNDP</b>	United Nations Development Programmes
<b>UN</b>	United Nations
<b>UNIFEM</b>	United Nations Fund for Women
<b>YGAs</b>	Income Generating Activities

## CHAPTER ONE

### GENERAL INTRODUCTION

#### 1.1 INTRODUCTION

The issue of microcredit and its effects on women have become topical as evidenced in many development literatures, national development plans and even in leading programs of most development aid donors. According to Grey-Maggiano, (2006), microfinance is the practice of giving loans in small amounts to poorest of the poor in developing countries. The loans range between US\$50 and US\$100 dollars and are typically used to support and improve established businesses (Grey-Maggiano, 2006). It consists of financial services such as credit, saving, insurance and remittances and non- financial services such as training and counseling.

Microfinance is regarded as an effective tool for poverty reduction (Dichter, 1999). Microfinance scheme enable vulnerable people (especially women) to leverage their skills and develop their income generating activities. By upgrading their skills through gaining access to technology, raw materials, market information and business linkages women can expand their economic role. Improving their economic, social and political roles help to improve their confidence (Boros *et al.*, 2002; Sapkota, 2008). The problem may be that, although the poor especially women demand financial goods, there is a lack of supply for them, because they lack collateral (Hulme, 2000).

In spite of the obvious roles that microfinance institutions (MFIs) play in the lives of women, majority still remain poor. According to the Platform for Action adopted at the Fourth World Conference on Women in Beijing in September 1995, “More than one billion people in the world today, the great majority of whom are

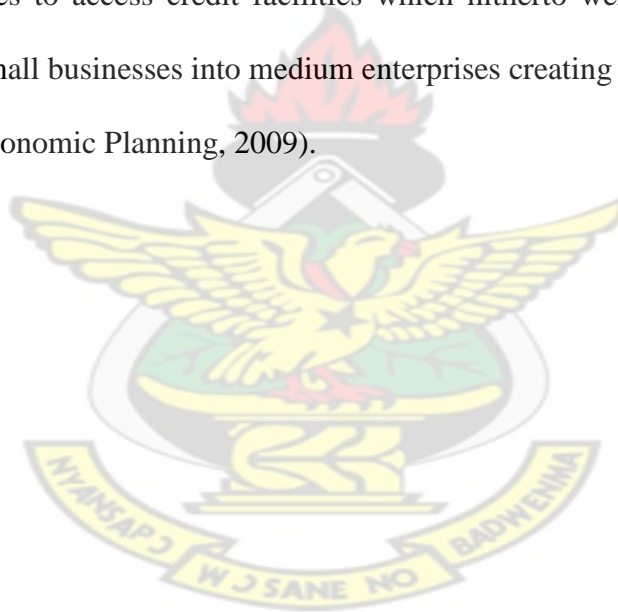
women, live in unacceptable conditions of poverty, mostly in the developing countries” (United Nations, 1996, p. 37). Again, Buvinic (1997) has written: “Women now account for a growing percentage of the world’s poor.” And a publication of the United Nations Development Programme states: “70% of the world’s poor are women (UNDP, 1995, p. 4). Also, women’s experience of poverty is different and more acute than that of men because of gender-based forms of exclusion. Women become poor through deterioration in the household’s access to resources. In addition, women’s lives are governed by more complex social constraints and responsibilities than men’s and they are more concentrated in the non-monetized sector (Sapkota, 2008). On the other hand, women are often isolated in their households. Women in most developing countries are excluded from the political, economic and social power and have only seldom access to knowledge but when they run into a profitable business, their whole family eats better, live better and have better access to education. They play an essential role, especially as far as nutrition is concerned (MoFA, 2009; Aryeetey, 2008).

Ghana has a vast range of formal and informal institutions providing microfinance services to women. Currently, there are three broad types of microfinance institutions operating in Ghana. These include formal suppliers of microfinance (i.e. rural and community banks, savings and loans companies, commercial banks); semi-formal suppliers of microfinance (i.e. credit unions, financial non-governmental organizations (FNGOs)), and cooperatives) and informal suppliers of microfinance (e.g. Susu collectors and clubs, rotating and accumulating savings and credit associations (ROSCAs and ASCAs), traders, moneylenders and other individuals). The microfinance sector has thrived and evolved into its current state resulting from financial



sector policies and programmes such as the provision of subsidized credits, establishment of rural and community banks (RCBs), the liberalization of the financial sector and the promulgation of PNDC Law 328 of 1991. The promulgation of the PNDC Law 328 allowed the establishment of different types of non-bank financial institutions, including savings and loans companies, finance house, and credit unions. The rural and community banking institutions are regulated by Banking Act of 2004 (Act 673), (Asiama, 2007).

The introduction of microfinance in Ghana has made it possible for operators of small businesses to access credit facilities which hitherto were inaccessible. This has helped grow small businesses into medium enterprises creating employment (Ministry of Finance and Economic Planning, 2009).



## 1.2 PROBLEM STATEMENT

There have been various developmental tools that have been planned by international development agencies, policy makers and non-governmental organizations aimed at reducing poverty in developing countries in the past two decades (Afrane, 2002). Micro-credit has been identified as one of the developmental tools, aimed at reducing poverty by bringing a significant improvement in the lives of the vulnerable groups in our society- especially women without access to the five critical assets including natural physical, social, human and financial capital (MoFEP, 2009).

In Ghana, the clients of micro-credit are predominantly women in rural and urban areas. The women are engaged in income generating activities such as farming, petty trading (including service provision and street vending), food processing, weaving, basket making (MoFEP, 2009; Asiama *et al*, 2007).

In spite of the roles that microfinance institutions play in the lives of women over the years, several studies have shown that, women in Ghana are often confronted with challenges.

Poverty in Ghana still remains a disproportionately rural phenomenon, up until now 86 percent of the total population living below the poverty line in Ghana live in the rural areas (GSS, 2007). According to Otoo (2009), women form the about 70 percent of the poor in Ghana, because of the systematic discrimination face in terms of education, employment, health services and control over assets. In addition to this, Oteng-Preko (2007), has argued that the socio-cultural ramifications in Ghana (and most parts of sub-Saharan Africa), marginalizes women as crucial partners in decision making, especially at the household level. He further stressed that since headship in households is male-

dominated, the ability for women to exercise control in decision-making as well as possessing control over a household's land, capital and other valued resources, can be overly limited.

Currently, not much work has been conducted on the role of micro-credit and its effects on women's livelihoods in rural and urban areas in the selected communities under Offinso Municipality and Tafo Sub-Metropolitan Area in Ashanti Region. The case is even more dismal, when compared with how women issues are subtly sidelined in discourses on micro-credit and poverty reduction. It is against backdrop, that the researcher felt the need to undertake a comparative study between the rural and urban women who have accessed micro-credit. Additionally, there was the need to investigate the challenges women go through in accessing and using the micro-credit that they receive from Microfinance Institutions (MFIs). Thus, the study sought to answer the following research questions:

- What roles does micro-credit play in women income generating activities in the study communities?
- Why do women in the study communities remain poor after several years of activities of microfinance institutions?
- What are the challenges women face in accessing and using micro-credit in the study communities?

### **1.3 GENERAL OBJECTIVE**

The objective of this study was to examine micro-credit as a means of improving the livelihoods of women in the selected communities in the Offinso Municipality and Tafo Sub-Metropolitan Area respectively.

#### **1.3.1 Specific Objectives**

The specific objectives were;

1. Investigate how micro-credit helps women in their income generating activities.
2. Examine how micro-credit helps to reduce poverty amongst women in the study communities, and
3. Assess the challenges women face in accessing and using micro-credit in the study communities.

### **1.4 PROPOSITIONS**

The study was guided by the following propositions:

1. Micro-credit helps women in their income generating activities;
2. Micro-credit helps to reduce poverty amongst women in the study communities; and
3. There are challenges confronted by women in accessing and using micro-credit in the study communities.

### **1.5 METHODOLOGY**

This section involves a discussion of sources of data, study design, sampling techniques, methods of data collection, data processing, analysis and presentation.

### **1.5.1 Sources of Data**

The study made good use of both qualitative and quantitative data. For empirical data, the study used both the primary and secondary sources of data. Primary data was collected from women who had access to micro-credit as well as the officials from the microfinance institutions. The data collected also sought to address peculiar difficulties experienced in accessing micro-credit, groups of people financed by microfinance institutions, background history of microfinance institutions and their mode of operations. The sources of secondary data include relevant books, articles, journals, maps, records of activities of the MFIs, the Tafo Sub-Metropolitan Area, Offinso Municipality, the internet, as well of other relevant publications and researches conducted on the subject matter by individuals, groups and institutions.

### **1.5.2 Sampling Frame**

The study made good use of two geographical areas (rural and urban) in the Ashanti Region and it covered only the female beneficiaries of microfinance scheme. The study also dealt with microfinance Institutions that rendered services in the two geographical areas.

For the rural area, the researcher chose Offinso Municipality, within which to locate suitable study rural communities. The rural communities selected were Wawase, Kyebi and Asuboi. They were so chosen, because often rural spaces, are supposed to have a population of not more than 5000 (Rogers et al., 2005). Consequently, Wawase, Kyebi and Asuboi had population less than 5000 (GSS, 2000). Its inhabitants were mainly farmers and petty traders. These communities had women who had access to micro-

credit. On the other hand, the urban communities selected were Ahenbrunum, Santan and Adompom. These communities were chosen because it had population more than 5000. Also, the communities involved had women who accessed the scheme. Finally, most of these women have trading as their main occupation whiles few of them are into manufacturing, services and farming.

### 1.5.3 Sample Size

The total samples for both areas were calculated as follows:

**Table 1.1 Sample Size for the Study**

SELECTED COMMUNITIES	POPULATION	SAMPLE	PERCENTAGE
<b>Offinso Municipality</b>			
Kyebi	1424	51	17
Wawase	291	10	3
Asuboi	660	23	8
Sub-total	2375	84	28
<b>Tafo Sub-Metropolitan Area</b>			
Ahenbrunum	51777	90	30
Santan	20832	36	12
Adompom	51991	91	30
Sub-total	124600	217	72
<b>Total</b>	<b>126975</b>	<b>301</b>	<b>100</b>

Source: GSS, 2000 Population Census

The sample size was derived from the formula below;

$$n = N / (1 + N (\alpha)^2)$$

Where, n = sample size, N = is the total population in the study area,  $\alpha$  (0.0576%)

=margin of error, 1=constant (Razak, 2006).

In all, three hundred and one (301) respondents were obtained as the sample size from both study areas. This implied that a total of three hundred and one (301) respondents were chosen as sample size for both study areas.

#### **1.5.4 Sampling Techniques**

Due to resources and time constraints, the entire population could not be covered in this research process, and the study therefore adopted non-probability technique such as purposive.

##### **1.5.4.1 Purposive Sampling Techniques**

The study mainly employed on purposive sampling, which was more appropriate for this research. According to Kumeckpor (2002), in purposive sampling the units of the sample are selected not by a random procedure, but on how they satisfy certain qualities which are not randomly distributed in a sample population, but they are typical or they exhibit most of the characteristics of interest to the study. The study employed this technique to identify actors such as women who are involved with micro-credit and facilitating agencies or institutions involved in the microfinance services. The interview with the officials of the MFIs helped to have a better understanding of their activities and how these activities affect the lives of women involved in microfinance services.

Identified women, belonging to microfinance institutions, were also interviewed to find out what they perceived are the changes in their income generating activities as a result of their involvement in the scheme. Through purposive sampling only respondents



who were involved in the microfinance services and had adequate knowledge about the micro-credit were contacted, saving a lot of time and resources.

### **1.5.5 Data Collection Instruments**

The study adopted the following techniques of primary data collection.

#### **1.5.5.1 Focus Group Discussion**

Focus Group Discussions is a discussion with a selected group or groups instead of with individuals (Kumekpor, 2002). Its focus is on group discussants responding at the same time and exchanging views and opinions through discussions. For the purposes of this study, Focus Group Discussions was employed to unearth in-depth information on the role of microfinance and the challenges faced by women in accessing and using the fund. This was to make up for the limited amount of information likely to be gathered through the semi-structured interview due to the limited flexibility it imposes on the discussant.

A total of twelve (12) women from each of the study communities were randomly selected for the focus group discussion as shown in Plate 1.1. The researcher took down their contacts during the main interviewed. This made it easier for researcher to reach them on phone for the focus group discussion. In general, two Focus Group Discussion sessions were held for the purposes of the study. Two separate sessions were held among rural and urban women who were engaged in an enterprise and have access to micro-credit. Each session comprised of a moderator who led and directed the discussions and a recorder who took down major issues and responses being discussed. Though the FGD



provided adequate insight into issues brought forward for discussions, its limitation lied in the level of skills and experience during moderation to facilitate a free, relaxed discussions where everyone could express his or her views and opinions. Efforts were therefore made to ensure that discussions were well moderated.

**Plate 1.1: Focus Group Discussion with Beneficiaries**



Source: Field Survey, (2010)

#### **1.5.5.2 Interview**

This tool was adopted to collect data from women who had access to micro-credit. The researcher had one-on-one interview with beneficiaries (Plate 1.2). It gave the researcher the opportunity to probe further and it also helped to gather the needed data for the study.

**Plate 1.2: One-on-One Interview with Beneficiary**



Source: Field Survey. (2010)

#### **1.5.5.3 Questionnaire**

The questionnaire as a tool was employed to collect data from the officials in the microfinance institutions of the study areas. This method was employed because most of the respondents in the microfinance institutions have busy schedules and so it was difficult having personal contact with them. Therefore, the best method was to use the questionnaire.

### **1.6 METHODS OF ANALYSIS**

The primary data was analyzed using descriptive statistics. This involved creating frequencies, tables and graphs from data. Interpretations were made and conclusions drawn from the cross-tabulations, tables and graphs.

## 1.7 RELEVANCE OF THE STUDY

The important roles that microfinance institutions play in the livelihood improvement of women are enormous. Indeed, the research showed some interesting results in this direction.

The findings of the study would contribute to the understanding of women participation in micro-credit and how income generating activities make them more dependent and ultimately make them empowered. This is important for the development of Ashanti Region. This study is expected to provide a further contribution to development of literature related to the understanding of women livelihoods improvement and the role of MFI's in developing countries. It would serve as a reference tool for people in academia to know what accounts for the spatial differences of MFIs in operations in both study areas.

To study the impact of socio-economic factors such as income, amount of loan, control over loan, loan repayment performance training exposure and involvement in income generating activities on women in Ashanti Region. This information can help policy makers and MFIs stakeholders in the development of better strategies and policies of participation in micro-credit programs. Hence, this would help stimulate more effective implementation of strategies on women not only in Ashanti Region but also in other developing countries.

The findings at the study could be of immense benefit to the government, multi and bilateral development partners, NGOs and microfinance institutions towards designing future projects and interventions needed to improve the sector and the lives of these women.

## 1.8 DELIMITATION AND LIMITATIONS

In carrying out the studies, the researcher encountered the following barriers. The onset of the rain distracted the data collection because, majority of the women were in their farms working and others attending to their businesses. Most of the respondents interviewed were illiterates; however the researcher's flair in twi helped in improving communication with respondents. Respondents were likely to give wrong answers to questions or ignore the questions completely where there was the need to reveal sensitive information such as their incomes, relationships with their husbands or marital status. Furthermore, the research suffered from delays in the data collection and analysis due to financial difficulty in commuting through the communities and incentives to the respondents. The study dealt with women who have access to loans from the financial institutions but, left out those who did not have access or have access but had stopped accessing the scheme.

Having provided an introduction, the problem statement, objectives and methodology to the study, the next chapter is a review of relevant literature for the purposes of the study. This is to help relate the problem to available literature as well as establish useful lessons to guide the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This chapter presents a review of literature that is relevant to the subject matter of micro-financing and livelihood improvement of women. The review was carried out in a systematic manner with references made to empirical research carried out on the subject matter. This helped in identifying the gaps in the literature and also gets to know the untreated area. In the same vein, the review helped in adopting the appropriate tools for data collection and analysis.

#### **2.2 DEFINITION OF CONCEPTS**

##### **2.2.1 Microfinance**

Microfinance has variously been defined by individual scholars, non-governmental organizations and governmental organizations. Microfinance is small loans provided to poor people, usually to help them to acquire some form of capital so as to partake in self-employment activities, to purchase durable goods or to smooth consumption. These loans are formulated exclusively to serve “clients that have been excluded from the formal banking sector” (Morduch, 1999: 1569, Dyar et al., 2006:6), most notably women, people with no assets and those living in rural areas.

Therefore, microfinance involves the provision of financial services such as savings, loans and insurance to poor people living in both urban and rural settings who are unable to obtain such services from the formal financial sector. These financial

services according to Ledgerwood (1999) generally include savings and credit but can also include other financial services such as insurance and payment services.

Microfinance would imply two major functions, that is the provision of financial services such as micro-credit, saving and insurance and non-financial services like advisory services and training services that is given to rural and urban clients especially women to improve upon their established livelihood activities.

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### **2.2.2 Micro-Credit**

To begin with, micro-credit is the provision of cash and kind loans in smaller amounts to micro, small entrepreneurs meant to improve their business operations (Asiama, 2007). Again, Sinha (1998) states that “micro-credit refers to small loans”. Thus, micro-credit is a component of microfinance in that it involves the provision of credit to the poor, whilst microfinance add on non-credit financial services such as savings, insurance, pensions and payment services (Ayertey, 2008).

### **2.2.3 Microfinance Institutions**

According to Proano (2005), microfinance institutions are group of institutions, such as, conventional financial institutions, credit unions or rural banks that provide financial services to the poor. The microfinance institutions equally offer non-financial services to clients ( social intermediation services) such as training and education, organizational support, health and skills in line with their development objectives (Khan and Rahaman, 2007).



In terms of this study, microfinance institution refers to wide range of organizations such as NGOs, credit unions, cooperatives, private commercial banks and parts of the state-owned banks, and non-bank financial institutions dedicated to providing financial services to poor people to improve upon their livelihoods activities. It is most often set up at the initiative of local communities with the support of international cooperation agencies and international NGOs.

#### **2.2.4 Livelihood**

The definition of 'livelihood' has been extensively discussed among academics and development practitioners. The most widely accepted definition of livelihood stems from the work of Chambers and Conway (1992) defined 'a livelihood comprises the capabilities, assets (Including natural, financial, social, human and physical resources) and activities required for a means of living. In the same direction, Ellis (2000) defines livelihood as 'the activities, the assets, and the access that jointly determine the living gained by an individual or household' (Slesazeck, 2008). Parrot, Hebbink and Westerndorp (2006), view livelihood as the ways in which people make a living for themselves and the contexts in which they operate. In other words, livelihood deals with people's way of coping with life and what they do with resources available to them. Livelihood is defined in the study to consist of two things, any income generating activities (such as farming, trading, services such as- hair salon etc.) and living conditions (access to good food, quality health care, clothing's etc) of these women.

### **2.2.5 Poverty**

In the study, Asiama (2007) definition of poverty was adapted; he said “people/households with an income below a certain threshold level irrespective of their standard of living. Poverty is defined to include low level of income, the absence of medical care, poor sanitation, absence of good drinking water, illiteracy, the ability to participate effectively in decisions that affect an individual’s life directly; and the lack of security and protection from crime”. This definition vivid throws more light on the study objective two, which look at the impact of micro credit on poverty reduction in the lives of the respondents, living conditions (i.e access to quality health care, food, potable water and shelter), social recognitions (i.e how they are views in terms of respect and decision making at the household) monthly income and assets acquisition.

## **2.3 MICROFINANCE MODELS**

Most MFIs use some sort of group system to distribute their services to their clients. This study focuses on four since these four are widely used, namely the rotating savings and credit association model, the Grameen solidarity group model, the village banking model and Self-help groups model.

### **2.3.1 The Rotating Savings and Credit Association Model**

Rotating Savings and Credit Association (ROSCAs) are small groups, typically composed of women, where each member makes ‘regular cyclical contributions into a common fund’, which is given entirely to one member at the start of each cycle (weekly, monthly, quarterly) (Grameen Bank, 2000). According to Harper (2003), this model is a



very common form of savings and credit. He states that the members of the group are usually neighbours and friends, and the group provides an opportunity for social interaction and is very popular with women. Penalizing those who deliberately default is also an important feature of this social collateral adopted by ROSCA's, with punishments as listed by Chiteji (2002) including: ostracization from the community, loss of status and prestige and peer pressure. It is therefore essential for the workings of ROSCA's that they are formed in close knit communities, so that the social collateral mechanisms ensure repayment adequately.

### **2.3.2 Village Banking Model**

Village banks are community-managed credit and saving associations established by Non-Government Organization's to provide access to financial service, build community self-help groups and help members accumulate saving (Holt, 1994). They usually have 25 to 50 members who are low-income individuals seeking to improve their lives through self-employment activities. These members run the bank, elect their own officers, establish their own by-laws, distribute loans to individuals and collect payments and services (Grameen Bank, 2000). Members are usually requested to save twenty percent of the loan amount per cycle (Ledgerwood, 1999). Members' savings are tied to loan amounts and are used to finance new loans or collective income generating activities and so they stay within the village bank. No interest is paid on savings but members receive a share of profits from the village bank's re-lending activities.

### **2.3.3 The Grameen Solidarity Group Model**

This model is based on individual in groups of four to seven; group members collectively guarantee loan repayment by all group members, thus replacing traditional collateral requirements. Borrowers are small businesses and microbusinesses in need of small, short-term working capital loans (Yunus, 1999). Savings are usually required as a portion of the loan. Interest rates charged are relatively high. Payments are usually made weekly (Ledgerwood, 1999).

### **2.3.4 Self-Help Groups Model**

Self-help groups (SHGs) are prominent in microfinance projects. Essentially a member-based group, an SHG is a small, socially and economically homogeneous group composed of 15-20 members who voluntarily come together for mutual benefit and support. It is a self-managed group that practices collective leadership and decision-making in credit management, including the determination of loan size, interest rates to members and repayment periods and rates. The group also decides on its savings policies whereby members agree to save small amounts on a regular basis. Groups usually lend among themselves, initially using their savings, before obtaining external finance. In this model, loans are made to the group by the MFI, which acts as a sort of SHG promoting institution. Because of the relative homogeneity of members, default risks are minimized. Members are familiar with each other, allowing for a fairly reliable source of information on potential loan diversions and defaults ([www.fao.org](http://www.fao.org)).

## **2.4 MICRO-CREDIT AND WOMEN INCOME GENERATING ACTIVITIES.**

The United Nation Development Programme (UNDP) estimated that about 70 percent of women in Timor-Leste in South East Asia lives in rural areas, they depend on subsistence agriculture as well as a combination of economic activities such as trading, street vending (e.g. agriculture good) and limited types of home-based production (e.g. traditional cloth weaving and craftwork) and these activities fetch them some amount of income to make a living (UNDP, 2010). The clients of microfinance in rural areas are usually peasant farmers and others who are engaged in small income generating activities such as food processing and petty trading. In the urban areas microfinance activities are more diverse and include shop keepers, service provider and artisan's street vendors (Kavitha and Ramachandran, 2011).

## **2.5 MICRO-CREDIT AND POVERTY REDUCTION AMONGST WOMEN**

Katwato (2007) observed that female entrepreneurs relied more on family funds than male entrepreneurs in business start-ups. In this case, micro-credits are considered to be an appropriate solution because the amount of money needed to start a micro or small business is generally quite minimal (Sonfield and Barbato, 1999). Robinson (2002: pp. 39-41), contends that “the first thing that many poor families do when their incomes rise is improve their nutrition, and send their children to school.” This is fundamental to economic development, but also, “because financial services help the poor expand their economic activities and increase their incomes and assets, their self-confidence grows simultaneously”. According to Berger (1989), micro-credit has proved to be an important liberating force in societies where disadvantaged groups’ and women

to be specific have to struggle against repressive social and economic conditions. This is achieved because microfinance enables these disadvantaged groups to accumulate capital for their enterprises. These enterprises are expected to grow and income to these groups which will have positive effect to the social and economic conditions (Berger, 1989). One major concern is that, what are the direct benefits that these women derive from the microfinance services and who controls the credit or fund received from the microfinance institution, is also worth finding out.

Credit to women have positive effects on the schooling of girls, it increases women's assets holding and is a significant determinant of total household expenditure (Pitt and Khandkar, 1995). Microfinance leads to improved access to education, health services, better nutrition, helping to achieve the MDGs, particularly as part of a broader development strategy (Morris, 2006). According to Grasmuch and Espinal (2000), providing women with access to credit can turn around an entire economy and prove to be beneficial because of two reasons. First there is significant evidence that when a women's business succeeds and she makes a profit, it goes to her family, while men typically give only 50-70 percent of their income to their families (Grasmuch and Espinal 2000:240). The literature failed to recognize the direct benefits that the beneficiary women received from the loans that they acquired. The literature did not inform us whether the loans these women go in for has been able to improve upon their livelihoods. One major observation is that available literature concentrate on benefits that are enjoyed by the households of these women who access the credits and savings.

Finally, beneficiaries who participated in microfinance have enjoyed increased household income, better nutrition and health care, the opportunity to achieve higher

education, greater Self-esteem, and in some cases, the ability to completely lift themselves and their families out of poverty.

## **2.6 CHALLENGES IN ACCESSING AND USING MICRO-CREDIT**

De Soto (2000) argues that the poor are asset rich, but lack the means to convert these assets into investment and capital because of their inability to access the credit market. Another challenge that the poor faced is that, microfinance has high interest rates. For instance, a regular financial institution may charge 10-15% interest on a loan depending on credit history of the borrower; MFIs charge interest rates of 40-60 percent (Morduch 1999:1574). There are mounting arguments among different microfinance programs on the effectiveness of charging high interest rates on credit. Some experts say that high rates discourage the poor from borrowing, and take away a significant portion of their profits if they are able to successfully start a business; however, little research has been able to prove that high interest rates discourage the poor from borrowing (Morduch 1999:1576). In fact, the statistics show that MFIs can obtain a repayment rate of 98.7 percent, even with high interest (McNelly and Dunford 1998).

Women's control over financial resources is increasingly seen as a major challenge in accessing loans. About 63 percent of women's loans are actually invested by male relatives, while women bear the formal responsibility for repayment in a Bangladesh programmes (Goetz and Gupta, 1996). An assessment of K-REP confirmed that men try to control income from women's enterprises. According to a more recent study of women borrowers in the Grameen Bank 10 to 40 women in the sample were passing on all or most of their loans to male family members, a circumstance that gave

them little control over the use of this capital (Todd, 1996). On the other hand, the loss of control over financial resources does not necessarily mean that women are worse off in terms of increased social and economic opportunities (Todd, 1996). According to Berger (1989), women are, especially unfavourable to formal credit because of social and economic inequities. In some LDCs where the society is highly patriarchal, women are required to have their husbands or some other male relative as a guarantor for a loan. In other cases, where women tend to be small borrowers, the formal credit is not available below a certain level due to administrative costs. More insidiously, the case may be outright gender discrimination. Bank employees may simply deny credit to any female. These problems may also be compounded when considering specific country or social contexts where women are less educated or are considered of a lower class than men (Berger, 1989).

Berger (1989) posits that, barrier to formal credit for women is a general lack of education on the part of women-except in Latin America where educational levels between men and women are nearing equality. In Africa, the educational level of men is 58 percent (Berger, 1989). Thus, women are less able to understand and complete credit applications and financial statement forms that banks require for credit approval. Women may also not have practical knowledge of formal financial institutions or the appropriate loan programs that may give them access to credit. In conclusion, lack of collateral, high interest rate and lack of control over the use of micro-credit and illiteracy are some of the major challenges facing these women.



## 2.7 CONCEPTUAL FRAMEWORK

The conceptual framework developed by Mayoux (2009), which has been modified gives, a theoretical explanation on the impact of the savings and credit (which are components of microfinance) in the lives of women. The conceptual framework shows the linkages of the various components with one another, economic empowerment explained that, women's access to savings and credit gives them a greater economic role in decision-making through their decision about savings and credit (Figure 2.1). When women control decisions regarding savings and credit, they will optimize their own and the household's welfare. The investment in women's economic activities will improve employment opportunities for women and thus have a 'trickle down and out' effect. The financial sustainability and feminist empowerment paradigms emphasize women's own income-generating activities. In the poverty alleviation paradigm, the emphasis is more on increasing incomes at the household level and the use of loans for consumption. In the feminist empowerment paradigm, individual economic empowerment is seen as dependent on social and political empowerment.

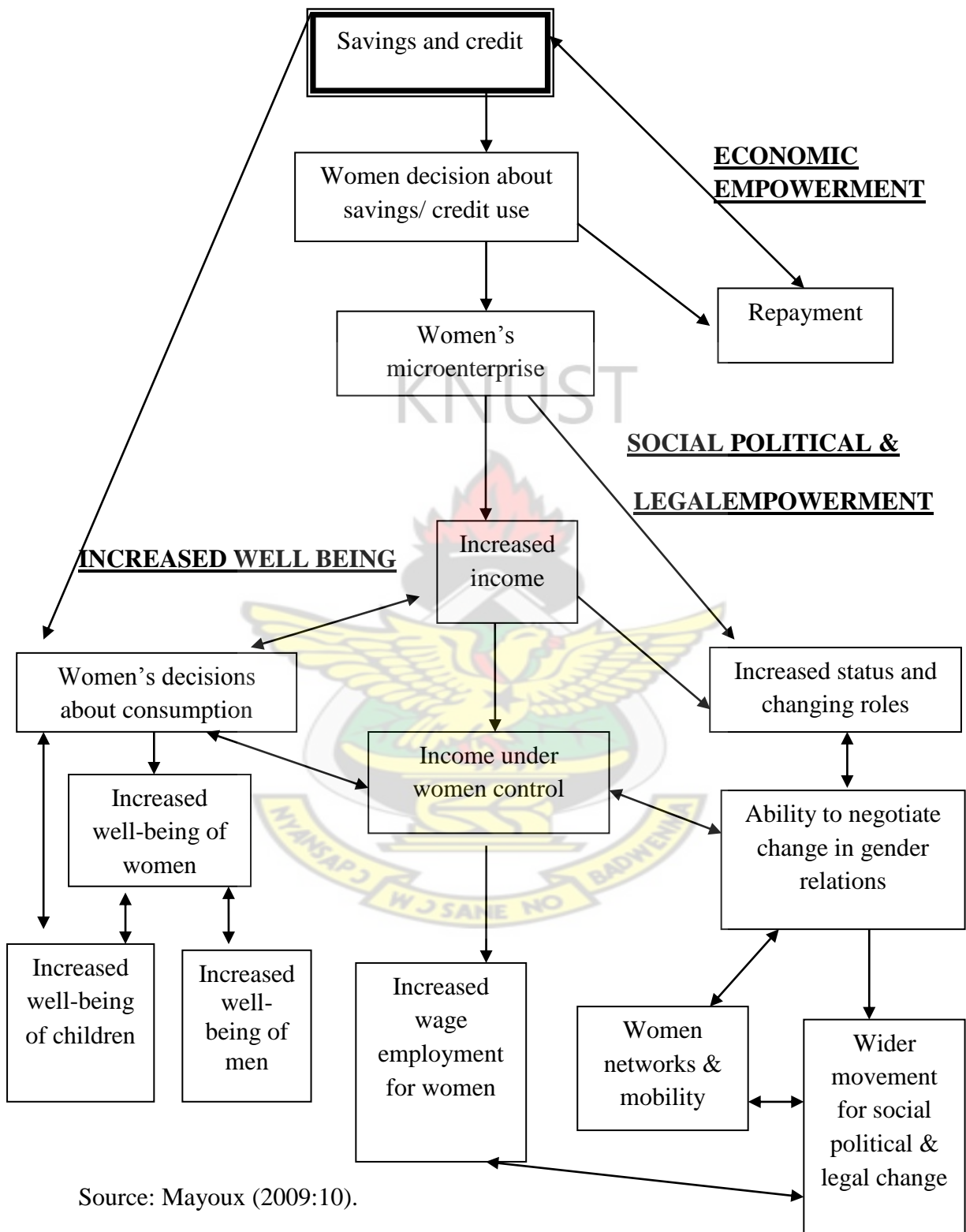
The 'Increased well-being' in the conceptual framework addresses issues of women's access to savings and credit facilities. It further maintains that women access to savings and credit facilities strengthens their voices in economic decisions in their household (Figure 2.2). Furthermore, this enables women to increase expenditure on the well-being of themselves and their children. This is the main concern in the poverty alleviation paradigm. Women's control over decision-making is also seen as benefitting men through preventing leakage of household income to unproductive and harmful expenditure. Other welfare interventions are advocated in addition to microfinance,

typically nutrition, health and literacy campaigns to further decrease vulnerability and improve women's skills. In the financial self-sustainability and feminist empowerment paradigms, improved well-being is an assumed outcome from increasing women's economic activities and incomes.

The 'social and political empowerment' explains the issue of women's increased economic activity and control over income resulting from access to micro-finance. Furthermore, it leads to improve women's skills, mobility, and access to knowledge and support networks. These changes are reinforced by group formation, leading to wider movements for social and political change. The financial self-sustainability paradigm and the poverty alleviation paradigm assume that social and political empowerment will occur without specific interventions to change gender relations at the household, community or macro-levels. By contrast, the feminist empowerment paradigm advocates explicit strategies for supporting women's ability to protect their individual and collective gender interests at the household, community and macro-levels.

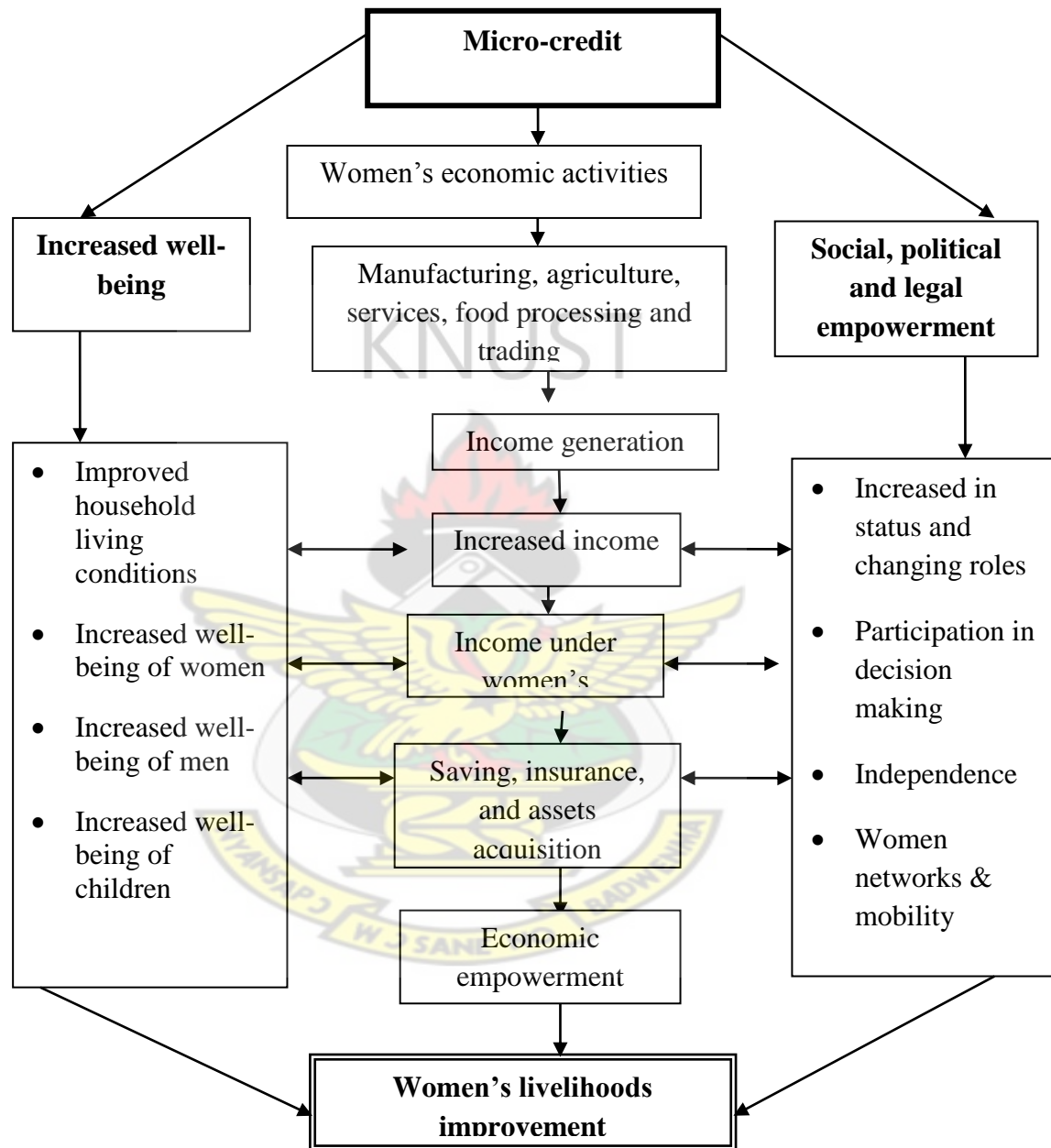


**FIGURE 2.1: Microfinance and Empowerment of Women**



Source: Mayoux (2009:10).

**Figure 2.2: Conceptual Framework showing Micro-Credit and Its Relationship with Women's Livelihoods.**



Source: Modified from Mayoux (2009).

Figure 2.2 is a schematic model adapted from Mayoux (2009), to serve as the basis of the study. It unveils the nature of the relationship between microcredit and women's livelihoods improvement. It also gives a brief description about the linear relationship between the microcredit and women's livelihood improvement. Microcredit (is one of the component of microfinance) refers to small loans targeted at poor women clients in rural and urban areas by Microfinance institutions with the view of supporting the development of the deprived entrepreneurs. The following are the five key areas they give support to the women in both study areas: manufacturing (example includes kente weaving, basket weaving, etc); Agriculture (activities such as food crop farming, animal rearing, vegetable farming); Trading (such as second hand clothing, vegetable vendors etc); Food processing (such as gari processing, tomatoes processing etc) and finally Services (such as small provision shops, small pharmacies, Beauty salons, Tailoring). The women in rural and urban areas generate income by selling the products from their livelihood activities that they engaged into. By being able to generate income would lead to increase income from their livelihood activities.

When incomes are under women's control, they are placed in a position to save. Out of their savings, the women clients in rural and urban areas acquire insurance and assets in various forms (such as human, natural, social, financial assets and others). Also when they are able to generate income, their income would increase. Furthermore, when incomes are left under women's control, they are able to acquire certain assets out of their own or personal income. This implies that, women are economically self-reliant, they are able to work, have a sustainable source of income, and by so doing they are

placed in a position to increase savings and productivity, increase in control over income and assets. The women clients become economically empowered.

On the other hand, access to micro-credit and women's decision about what is being done with credit or fund strengthens women's say in economic decisions of the household (Figure 2.2) in both rural and urban areas. This enables women to increase expenditure on the well-being of themselves and their children.

Access to micro-credit leads to obtain the following social and political benefits: increased in status and changing roles, independence, and increased confidence and skills, social network and mobility as well as participation in decision making in both rural and urban areas. For instance, women clients are able to participate in decision making at the household level and within the groups that they find themselves. When these benefits are achieved, economic, social, political and legal empowerment is ensured. Micro-credit when properly harnessed has a significant effect on the women livelihood improvement in both areas

Finally, the conceptual framework gives vivid explanations to the study objectives. The conceptual framework discusses on the very first objective, in sense that it throws more light on the benefit micro-credit has on income generating activities (YGAs) in (Figure 2.2) and how this has led to increase their income by gaining profit out of their (YGAs), and finally, how it has helped them to acquire certain assets, insurance- to cater for their unforeseen evident. Also, access to micro-credit in the framework leads to obtain the some social and political benefits (as shown in figure 2.2). This answers the very second objective of the study which declares that micro-credit helps reduce poverty amongst women in the study communities. Simply put the

objective look at their social recognition and improved living conditions (access to quality food, health care and shelter) and this can also be seen in the framework.

In summary, this chapter has been reviewed relevant literature, taking into consideration the objective of the study. Some of the issues reviewed include the concepts of microfinance, microcredit and livelihood, microfinance models, microcredit and women's income generating activities, microcredit and poverty reduction amongst women, finally the challenges in accessing and using microcredit. Additionally, Conceptual framework showing micro-credit and its relationship with women's livelihoods was also discussed for the study.



## **CHAPTER THREE**

### **PROFILE OF THE STUDY AREAS**

#### **3.1 INTRODUCTION**

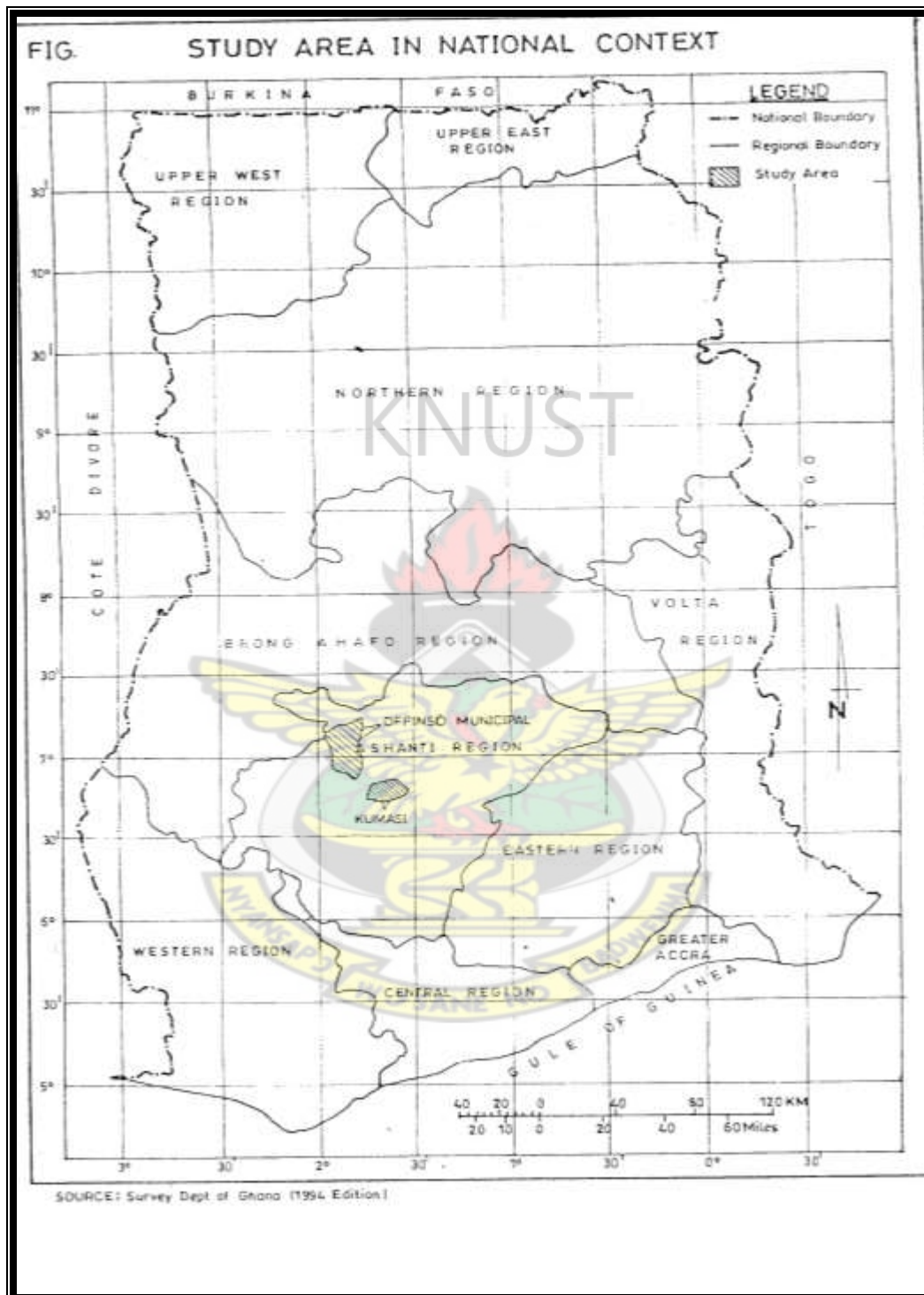
This chapter presents a profile of both study areas, which are the Kumasi Metropolis (KM) and the Offinso Municipality (OM). The profile gives a summary of characteristics such as location, size, climates, vegetation, soils, land use, housing water and sanitation, education, economic activities as well as population characteristics.

#### **3.2 PROFILE OF STUDY AREAS**

##### **3.2.1 Location and Size**

Kumasi Metropolis is located in the transitional forest zone and is about 270 km north of the national capital, Accra. It is between latitude  $6.35^{\circ}$ - $6.40^{\circ}$  and longitude  $1.30^{\circ}$ - $1.350^{\circ}$ , an elevation which ranges between 250-300 meters above sea level with an area of about 254 square kilometers (KMA, 2009). Offinso Municipality on the other hand, lies between longitudes  $1.65^{\circ}$ W and  $1.45^{\circ}$ E and between latitudes  $6.45^{\circ}$ N and  $7.25^{\circ}$ S. The Municipality has a total land area of 1255 square kilometers which is 5% of the total land area of the Ashanti Region (OM, 2010). For a vivid picture of the two study areas refer to appendixes E and F, at page 92 to 93.

**Map 3.1: Location of the study areas in National Context**





Map 3.2 Kumasi Sub-Metropolitan showing the Study Areas

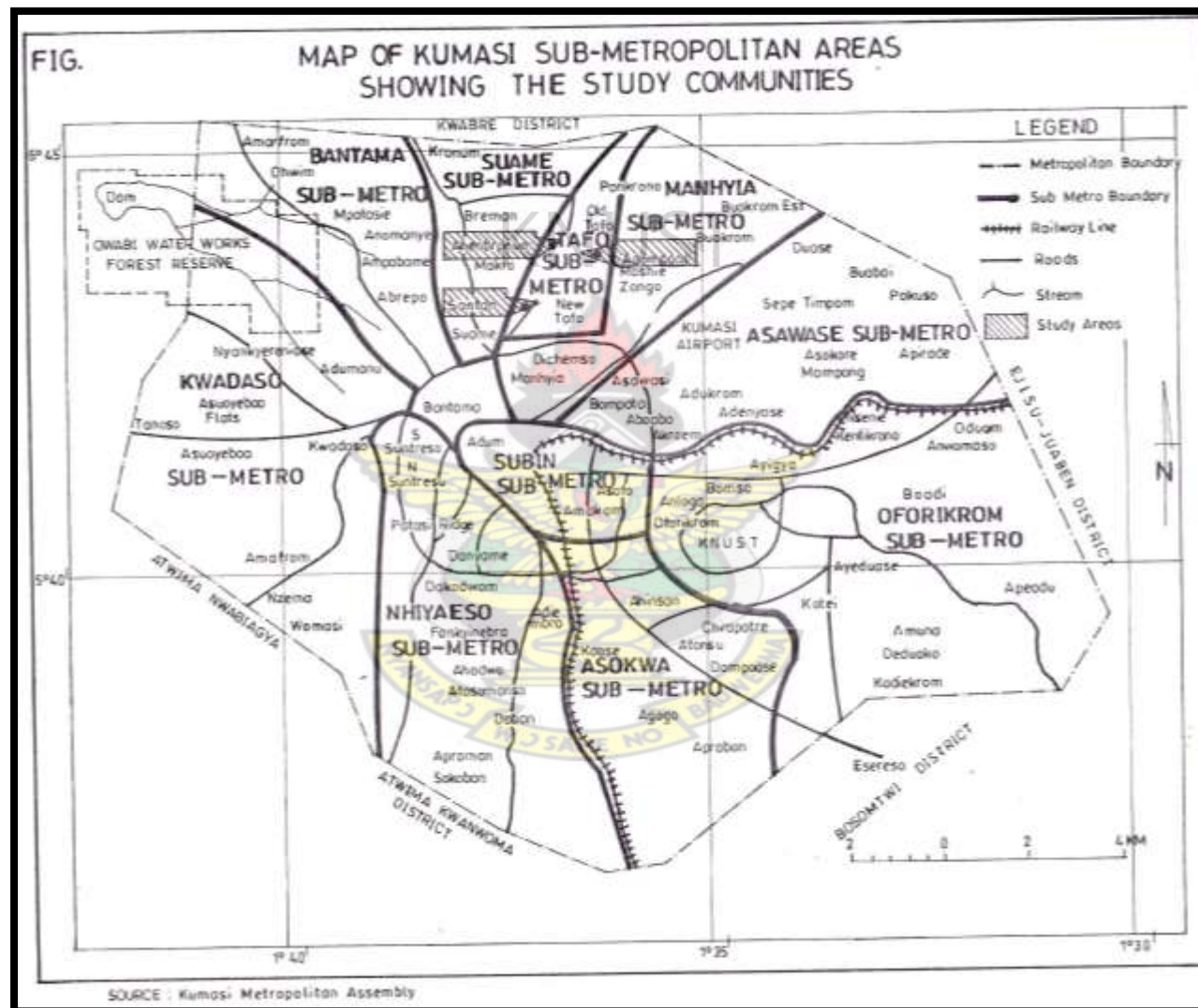


FIG.

# MAP OF OFFINSO MUNICIPAL AREA SHOWING THE STUDY COMMUNITIES



## LEGEND

- Municipal Boundary
- ⊙ Municipal Capital
- Roads
- Towns & Villages
- ▨ Study Areas

SCALE 1/125 000

SOURCE : Offinso Municipal Assembly

### **3.2.2 Climate**

The Kumasi Metropolitan Area falls within the wet sub-equatorial type. The average minimum temperature is about 21.5<sup>0</sup>c and a maximum average temperature of 30.7<sup>0</sup>c. The average humidity is about 84.16 per cent at 0900 GMT and 60 per cent at 1500 GMT (KMA) (KMA, 2009).

The Offinso Municipality lies in the semi-equatorial climatic zone and experiences double maximum rainfall pattern. The dry season is quite pronounced and occurs between the months of November and March. Relative humidity is generally high ranging between 75 – 80 percent in the rainy season and 70 – 72 percent in the dry season. A maximum temperature of 30<sup>0</sup>c is experienced between March and April (OM, 2010).

### **3.2.3 Vegetation**

Both study areas falls within the moist semi-deciduous South-East Ecological Zone. Predominant species of trees found are Ceiba, Triplochlon, Celtis with Exotic Species. The rich soil has promoted agriculture in the periphery. A patch of vegetation reserve within the city has led to the development of the Kumasi Zoological Gardens, adjacent to the Ghana National Cultural Centre and opposite the Kejetia Lorry Terminal. (KM, 2009; OM, 2010).

### **3.2.4 Population Characteristics**

The city population is still growing at 5% per annum (UNDP). Presently, the population of Kumasi metropolitan area is estimated at more than 1.5 million (Vitkovic, et al. 2008). The 1996 Medium Term Development Plan of Kumasi grouped the population into three major classes, high, medium and low class residential areas. The distributions of population among these residential areas are six percent, 66 percent and 28 percent respectively (MLGRD, 1996).

The average household size is 5.5. The composition comprises persons from the nuclear family, extended family and persons outside the nuclear and the extended families. Heads of the households are mainly male. In the other households where females are heads, it is either singly or single parent household. Children constitute about 37.3% of the average household (OM, 2010).

### **3.2.5 Economic Activities**

The metropolis can boast of a central market which is located at the heart of the city within a forest zone. As a result there are many forest products and related industries that account for the prosperity of commercial activities in Kumasi. Gold-mining, teak harvesting, breweries and agro-processing also dominate the economy of this largest Millennium City. Other riches abound, wealth derived from substantial gold deposits and agricultural products. Cocoa and high-quality hardwood product made up carving form the major exports. Another striking fact of this city's culture is the liveliness of the street trade sector: majority of the dropped out school children and many men and women finds labour in selling products on the street.

Agriculture is the main economic activity in the Municipality. Over 70% of the active population in the Municipality are farmers, 25% of this number constitute the youth. Fishing is done on a minor scale while livestock production is basically on free range. Poultry farming has been on the increase (OND, 2010). In addition to this, the farming system can generally be characterized as mixed, and includes the production of arable crops and the raising of livestock. The predominant farming practices are mixed farming, mono cropping, crop rotation and plantation agriculture. Main food crops grown are plantain, cocoyam, maize, yam and cassava. Cocoa and cashew are the major cash crops grown. Still women remain the majority in the farming practice in the area.

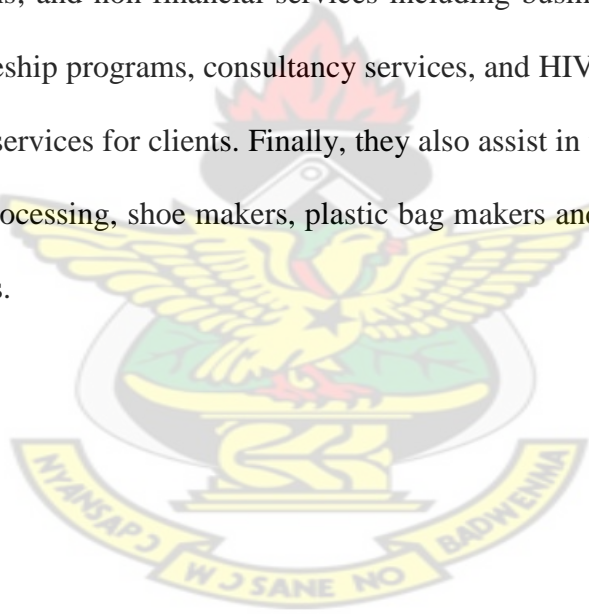
### **3.3 Financial Institutions**

There are several financial and insurance companies in the city. These include Bank of Standard Chartered, Ecobank, Barclays bank, SG-SSB, Forex Bureau and Rural banks. There are other micro financial institutions operating in metropolis, Sinapi Aba Trust, Kwamanam Rural Bank, Atiwma Kwamonu Rural Bank and others (KMA, 2009). There are two commercial banks in the Municipality. They are at Offinso and Akomadan otuasekan rural bank is operating in Abofour and Nkenkaasu while Nwabiagya Rural Bank is operating in New Offinso. There are other Microfinance Institutions operating in Municipality, Sinapi Aba Trust and Sens Programme are operating in New Offinso.



### **3.4 Missions of the Microfinance Institutions in both Areas**

Evidence from the field survey (2010), shows that all the microfinance institutions operated in both areas (namely Sinipa Aba Trust, Kwamanam Rural Bank, Atiwma Kwamonu Rural Bank and Otuosekan Rural Bank) provide small loans to viable micro-enterprises, their main motive is to reduce poverty and to stimulate economic growth in both areas, particularly low income earner especially women. They offers development in the area of 'intensive group loans for micro-entrepreneurs', business development loans, working capitals loans for individual micro-entrepreneurs. They also provide agricultural loans; and non-financial services including business, management training, youth apprenticeship programs, consultancy services, and HIV/AIDS awareness creation and counseling services for clients. Finally, they also assist in the areas of manufacturing (such as food processing, shoe makers, plastic bag makers and kente and basket waving etc) and services.



## **CHAPTER FOUR**

### **LINKAGES BETWEEN MICRO-CREDIT AND WOMEN'S LIVELIHOODS**

#### **4.1 INTRODUCTION**

This chapter presents analysis of the data obtained from the field through the use of interview guide, questionnaires and focus group discussion (FGD). It provides information on the socio-demographic characteristics of the respondents' including their age, marital status, heads of household, education levels and economic activity which may have direct or indirect linked to the subject matter of the study.

Also, this chapter presents the views of respondents' in relation to the objectives of the study, such as, the roles of micro-credit in the income generating activities of the women, it further unveils the impact of microcredit on poverty reduction, and finally, it assesses the challenges faced by respondents' in accessing and using micro-credit (this is to find out some of the difficulties women faced when accessing and using microcredit). The data is presented using tables and graphs.

#### **4.2 BACKGROUND CHARACTERISTICS ON RESPONDENTS**

##### **4.2.1 Age of Respondents**

This was to identify the predominant age groups that access the micro-credit scheme from both the rural and the urban areas. The study revealed that, the age group of women that benefit from the scheme are not the same for both study areas. Table 4.1 depicts the various age groups that benefit from the micro-credit schemes.



**Table 4.1: Distribution of Respondents by Age**

<i>Age</i>	<b>Rural</b>		<b>Urban</b>		<b>Group Total (%)</b>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>		
18-28	11	13.1	45	20.7	56	18.6
29-38	15	17.9	59	27.3	74	24.6
39-48	30	35.7	43	19.8	73	24.3
49-58	19	22.6	52	23.9	71	23.5
59 and above	9	10.7	18	8.3	27	9.0
<b>Total</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)

From the Table 4.1, in both rural and urban areas 18.6 percent of the respondents were between the ages of 18-28 years old, whilst 24.6 percent which was the dominant age fell between the ages 29-38 years age group, with 24.3 percent and 23.5 percent have their ages falling between the age brackets of 39-48 and 49-58 years old respectively. Only 9.0 percent of the total respondents have their ages ranging from 59 years old. The predominant age group for the rural respondents are mainly between 39 and 48 age brackets representing 35.7 percent of the total respondents of 84, whilst that of the urban was between the 29 and 38 year group representing 27.3 percent. The study therefore shows clearly that; those who access the scheme at the rural areas are older than those in the urban areas. It is evident from the Table 4.1 that; there are differences in the age groups for both the rural and urban women who access the micro-credit. In general, about 65 percent of the respondents have their ages between 18 and 48 which

can be described as the active age population. That is to say, that more women are at their youthful ages with strong desire to work hard. This may have an influence on the success and continuity of their income generating activities and thereby contributing to the impact that credit may have in their lives.

#### 4.2.2 Marital Status of Respondents

The study equally sought to find out the marital status of the beneficiaries of the micro-credit scheme in both areas. For instance, Merger (2005:305) maintains that, the slower advancement of women in the corporate world is a function of family role, and that there must be a place of androgynous roles (roles that disregard gender division of labour) to make women independent as entrepreneurs. The study found that, the marital status for the rural respondents vary somehow from that of the urban respondents.

**Table 4.2 Marital Status of Respondents'**

<i>Marital status</i>	<b>Rural</b>		<b>Urban</b>		<b>Group Total</b>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>	<i>(%)</i>	
Married	29	34.5	112	51.6	141	46.8
Single	31	36.9	61	28.2	92	30.6
Widowed	14	16.7	27	12.4	41	13.7
Divorced	10	11.9	17	7.8	27	8.9
<b>Total</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>301</b>	<b>100</b>

Source: Field Survey, (2010)

The results from Table 4.2 shows that, 46.8 percent of the respondents were married women, 30.6 percent were single, whilst 13.7 percent and 8.9 percent fell under the categories of widowed and divorced respectively. Furthermore, in the rural area it can be seen that out of the total of 84 respondents interviewed, 55 comprising single, widowed and divorced that those husbands were 65.5 percent and the remaining 29 of the respondents were married (34.5 percent). In the urban area, out of the total respondents of 217, 51.6 percent were married whilst 105 were without husband 28.4 percent. It can be inferred from the study that, majority of the beneficiaries who went in for the scheme were unmarried/without husband representing 53.2 percent in both study areas. Comparatively, women who benefit from the scheme and reside in the urban areas are mostly married women whilst those from the rural areas are single women. This may be one of the reasons why especially the rural women go in, for the microfinance services as the means to improve their livelihoods.

#### **4.2.3 Household Size of Respondents**

This aspect of the study was to aid the researcher to identify the dependents of the women who benefit from the micro-credit scheme, and also to compare the rural and urban respondents to ascertain which of the two have a lot of dependents. This goes beyond the number of children the respondents have.

From the interview conducted, it was revealed that, almost 30 percent of the respondents have their household size within 1-2 people, 20.4 percent have between 3-4 people depending on them both directly or indirectly, with 15.9 percent of the

respondents also having a household size of 5-6 people. The household sizes of 7-8 and 8 and above were identified to constitute of 19.8 percent and 14.5 percent respectively.

**Table 4.3 Percentage Distribution of Respondents' Household Size**

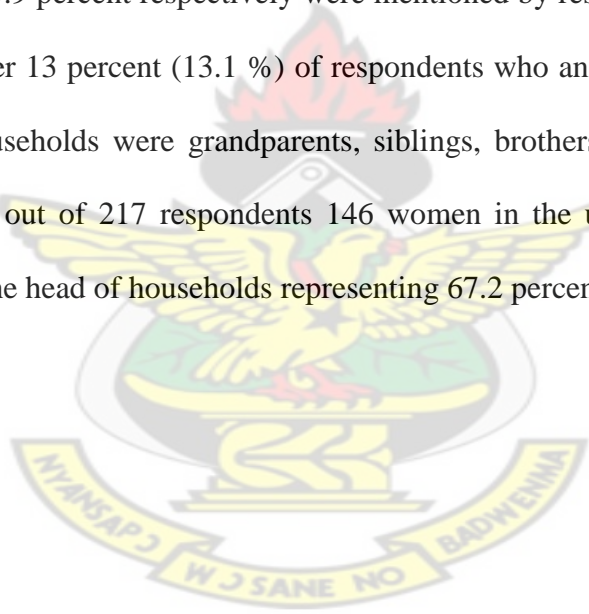
<i>Household size</i>	<b>Rural</b>		<b>Urban</b>		<b>Group Total</b>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>	<i>(%)</i>	
1-2	2	2.4	86	39.6	88	29.4
3-4	10	11.9	50	23.0	60	20.4
5-6	18	21.4	30	13.8	48	15.9
7-8	24	28.5	36	16.6	60	19.8
8 and above	30	35.7	15	6.9	45	14.5
<b>TOTAL</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)

Further analysis from the Table 4.3 suggests that, when a comparative analysis was made between the urban and rural women who benefit from the scheme, it was realized that, out of the 84 respondents from the rural area 30 have a very large dependants of 8 and above representing 35.7 percent whilst out of 217 respondents in the urban area 86 respondents have a small household size ranging between 1-4 representing 39.6 percent. The difference could be done to the fact that, in the rural areas most still embraced the extended family system, whilst the urban areas basically practice the nuclear family system.

#### 4.2.4 Heads of Households of Respondents

The study investigated the roles played by respondents in their households as heads. In the traditional Ghanaian social context, among the responsibilities of a household head are financial commitments. In addition, heads of households were breadwinners. On a question to find out the head of the households of respondents in both study areas, it was revealed that, in rural areas, 39 out of the total respondents (84) involved in the study, representing 46.4 percent, were heads of their households. As can be seen from Table 4.4 Husbands, Mothers and fathers representing 33.3 percent, 1.2percent and 5.9 percent respectively were mentioned by respondents as heads of their households. Over 13 percent (13.1 %) of respondents who answer ‘Others’ as heads of respondents households were grandparents, siblings, brothers, friends, and uncles. On the other hand, out of 217 respondents 146 women in the urban area have husbands dominating as the head of households representing 67.2 percent.



**Table 4.4: Distribution of Heads of Household**

<i>Head of household</i>	<b>Rural</b>		<b>Urban</b>		<b>Group Total (%)</b>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>		
Myself	39	46.4	50	23.1	89	29.5
Husband	28	33.3	146	67.2	174	57.8
Mother	1	1.2	6	2.7	7	2.4
Father	5	5.9	8	3.7	13	4.4
Others	11	13.1	7	3.3	18	5.9
<b>Total</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)

In generic terms, the study revealed in both areas that, nearly 30 percent of the respondents said they were the heads of their households, with 57.8 percent saving their husbands as the heads of their households. Mothers and fathers also played a role in the headship but with minimal proportion of 2.4 percent and 4.4 percent respectively. There is also another category of people who do play the role of headship and for the purpose of this study; the group was tagged as “others”. This comprises of uncles, aunts, grandparents, brothers, and sisters, representing 5.9 percent of the total respondents. The study has therefore established that, husbands are basically the heads in most households. This support Twumasi’s (2001), assertion that in Africa to be specific, households are headed mainly by men.

#### 4.2.5 Business Activities of Respondents

The study equally sought to find out the business activities that respondents are engaged in. It came out almost 80 percent of the respondents are into trading of various kinds, whilst 15.9 percent are engaged into services such as, manufacturing and farming. The data from Table 4.5 below demonstrates that, trading is the most dominant economic activity that the women from both urban and rural area engaged in.

This study to some extends support the study by Food and Agricultural Organization (2010) which proved that, microfinance enables the beneficiaries to set up or expand small businesses in order to generate income, such as selling vegetables in the market, making clothes, running a hair salon or an internet café).

**Table 4.5: Distribution of Respondents' Business Activities**

<i>Business activities of respondents</i>	<b>Rural</b>		<b>Urban</b>		<b>Group Total (%)</b>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>		
Trading	68	80.9	166	75.7	239	79.4
Services	4	4.8	46	20.3	48	15.9
Manufacturing	3	3.6	2	2.4	5	1.7
Farming	9	10.7	2	2.4	9	10.7
Others	0	0.0	1	1.2	2	0.6
<b>Total</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)



In rural communities 80.9 percent of the respondents engaged into trading, 4.8 percent engaged into services, manufacturing and farming representing 3.6 percent and 10.7 percent respectively. Also in urban communities 75.7 of the beneficiaries engaged into trading, 20.3 percent were into services, 2.4 percent were into farming, whilst manufacturing and others representing 2.4 percent and 1.2 percent respectively. Further analysis from Table 4.5 reveals that, the rural women in addition to their trading are into farming as a supportive activity, whilst their counterparts in the urban areas have services as a second major economic activity which differs from the rural areas. It is not surprising that, the women in the rural areas engage in farming because land is available and it is also the main occupation of the rural folks. The very reason why respondents engage into trading in both areas is that they see it as a profitable venture and very easy to access their money.

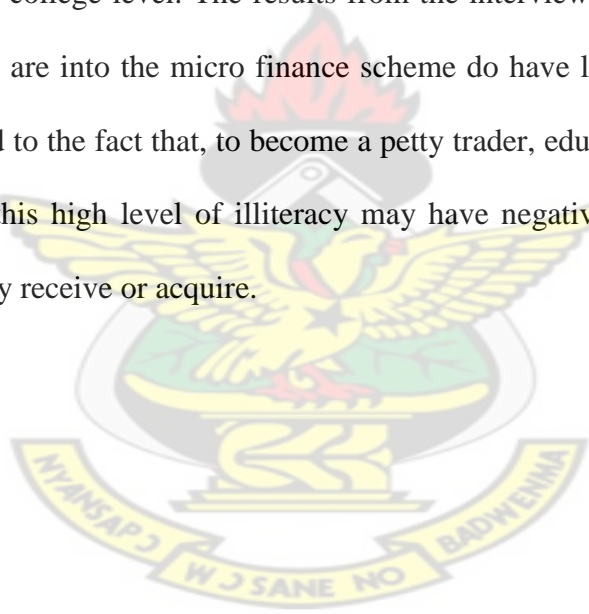
The study further sought to find out whether loans are invested into their existing businesses. From the field survey results, 60.7 percent of the rural respondents said they are able to invest their money into existing businesses, whilst 63.1 percent of the urban respondents said they are able to invest their money into their business. Finally, both the rural and urban women use the scheme for their intended purpose (i.e. to establish or expand their businesses).

#### **4.2.6 Educational Attainments of the Respondents**

Education is one of the key variables that may influence the behaviour and efficiency as well as effectiveness of people. Education is a decisive factor in uplifting

the individual and society, because it improves people's skills potentials and makes them more creative and innovative.

The study went ahead to compare the educational attainment of the women from the rural areas and their counterparts in the urban areas. Results on the educational attainments of respondents as presented in Table 4.6 below showed that, 27.9 percent of respondents did not have any form of education, 14.6 percent of respondents did have primary education, while 27.9 percent and 4.2 percent have had basic and secondary education respectively. Only 0.6 percent of respondents had gone beyond secondary education to the college level. The results from the interview have shown that, most of the women who are into the micro finance scheme do have little or no education. This can be attributed to the fact that, to become a petty trader, educational certificate is not a criterion. Also this high level of illiteracy may have negative impact on the financial services that they receive or acquire.



**Table 4.6 Percentage Distribution of Respondents' Level of Education**

<i>Highest level of education</i>	<b>Rural</b>		<b>Urban</b>		<b>Group Total (%)</b>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>percentage</i>		
Primary	11	13.1	33	15.2	44	14.6
JHS	22	26.2	62	28.6	84	27.9
SHS	3	3.6	10	4.6	13	4.3
College	<b>0</b>	0.0	2	<b>0.9</b>	2	0.6
Middle school	10	11.9	57	26.3	67	22.4
Never schooled	36	42.8	48	22.1	84	27.9
Others	2	2.3	5	5.9	7	2.3
<b>Total</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)

The study compared the educational attainment of the women from the rural areas and their counterparts in the urban areas. The results revealed that, as much as 42.8 percent out of the total 84 interviewed from the rural area had never been to school and with nobody going beyond the senior secondary school level. In the same vain, their counterparts from the urban centres have as much as 22.1 percent of the total 217 women interviewed never been to school before with only 0.6 percent of them going beyond the secondary school level. The two categories of women also have also attained the junior secondary school level. It is therefore evident that, even though most of the women have not gone to school before, the women from the urban centres have attained a higher form of education than their counterparts in the rural areas.

## 4.3 MICRO-CREDIT AND INCOME GENERATING ACTIVITIES

### 4.3.1 Source of Working Capital of Respondents

There are different sources of micro finance institutions (MFIs) that the respondents receive their assistance from. The study sought to explore the various MFIs respondents' receive their working capital to start their businesses.

From the interviews conducted in the rural communities 48.8 percent of the respondents had their working capital from Sinapi Aba Trust, 30.9 percent from Otuasekan Rural Bank, some also received theirs from friends, relatives and others such as moneylenders and susu lenders constituting 19.0 percent and 0.6 percent respectively. However, in urban communities 14.3 percent of the beneficiaries had their source of capital from Sinapi Aba Trust, while 39.6 percent of the respondents received their capital from Kwamanman Rural Bank, also 35.9 percent of them had it from Atwima Kwamanu Rural, finally respondents who had theirs from friends/relatives and others constituted 9.2 percent and 1.2 percent respectively.

During the FGD, a question was asked to find out where they had their initial sources of capital for their businesses, and majority of them said they started with their own capital. Some said they were assisted by their husbands and family members for the very beginning of their business. One woman named Serwaa said,

*“for the very first time, I started my business with my husband’s capital but later I realised the need for an expansion to my business, and that encouraged me to go for extra loan from the MFI” (FGD, 2010).*

### 4.3.2 Training provide for Respondents Businesses

For the purpose of this study, a question was asked by the researcher to ascertain whether the women receive training on their businesses. The Table 4.7 indicates that 61.5 percent of the respondents answered in the affirmative with 38.5 percent saying they did not have any form of training as far as their businesses were concern. This is in agreement with what some of the micro finance institutions said about the training they give to some of their beneficiaries, especially Sinapi Aba Trust and all the Rural Banks in the early stages of the loan processing. With the banks, it is not mandatory to give any formal training to their customers even though in some cases they do organize some form of training to their benefactors. The training is to ensure that, monies receive are put into very prudent use so as to be beneficial to the women.

**Table 4.7: Distribution of Training on Respondents' Businesses**

<i>Training for Business</i>	<b>Rural</b>		<b>Urban</b>		<b>Group Total (%)</b>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>		
Yes	56	66.7	129	59.4	185	61.5
No	28	33.3	88	40.6	116	38.5
<b>Total</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)

According to the interview conducted by the researcher on the various institutions almost all the officers of MFIs said “we give women in-service training and principles as to how they can win more customers and manage their loans properly” During the FGD one women called Fati confirmed that,

*“The bank officials come around to check on me and give me an evaluation form to fill to know how best my business was performing or growing”.*

In the same FGD, one woman from the urban area said, they had other source of in-service-training from Nestle Ghana limited and Rayco Ghana limited for their businesses. The services they receive from these two companies were free.

On the other hand, in rural area 66.6 percent of the respondents said they receive training for their businesses while the remaining 33.3 percent said they did not receive any. In urban areas 59.4 percent of the beneficiaries said they received training for their businesses while 40.6 percent said they had no training. The reason for those who said they had not receive any training in both study areas was that, they were not having the monies to partake in such training, since there is the need to pay for the registration fee, especially with MFIs.

#### **4.3.3 Benefit of Training to Respondents Businesses**

The study find out whether the training receives from the various MFIs had been helpful to the respondents or not. In rural and urban areas 54.7 percent and 59.7 percent were of the view that the training has been of assistance to their businesses respectively. However 45.3 percent and 40.3percent said the training has not been beneficial in rural and urban communities respectively. When inquire the type of help the training has given to them, some said before the training savings was not part of their habit and those who even did save had no separate accounts of their businesses from their personal accounts. They have also been trained to re-invest the profit they make into their businesses.

When the researcher interrogated further to identify the sort of additional services they enjoy apart from the credit and savings, the respondents answered by saying that, they enjoyed micro insurance and others said they do not. With this scheme, interested women have some part of their savings deducted for the insurance against any unforeseen eventualities. With this type of scheme, it is not mandatory but rather optional.

#### 4.3.4 Micro-Credit and Improvement in Respondents, Businesses

This aspect of the study looked at the effect micro-credit has on the businesses of the respondents. The researcher found out from the respondents whether after accessing the loans there have been an improvement (i.e. whether there has been an increased or expansion in the quantity of the items being sold) in their businesses. Table 4.8 demonstrates that, 58.5 percent of the respondents had seen some form of improvements after the loans, while 41.5 percent said even though they have received the loans but they have not been seen any change in their business.

**Table 4.8: Micro-credit and Improvement in Businesses**

	Rural		Urban		Group Total (%)	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>		
Yes	59	70.2	117	53.9	176	58.5
No	25	29.8	100	46.1	125	41.5
<b>Total</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)



Comparatively, the women in the rural areas had 70.2 percent of its respondents affirming that, the loans have helped to improve upon their businesses; whilst with their urban counterparts 58.5 percent also affirmed that the loans have helped improve their businesses. Thus, it can be deduced that, in terms of improvement in their businesses after the loan, the rural folks are ahead of the urban folks. This confirms a study by Hashemi (1996) which said that, the micro-credit programs offered to rural women have created significant positive differences in their businesses.

#### **4.4 MICRO-CREDIT AND POVERTY REDUCTION**

##### **4.4.1 Monthly Income of Respondents before and after Accessing Micro-credit**

The study also sought to find out the average monthly income of the respondents before and after accessing the micro-credit scheme. Table 4.9 depicts that, 40.3 percent of the respondents have their monthly income below GH¢50, whilst 42.9 percent have their monthly income ranging from GH¢51-150. For monthly incomes ranging from GH¢151-250 and GH¢251-350 the interview recorded 9.9 percent and 6.0 percent of respondents respectively. As low as 0.9 percent of the respondents recorded GH¢351 and above as their monthly income before they went in for the scheme.

**Table 4.9: Respondents' Monthly Income Before and After Accessing Micro-Credit**

<i>Average income before</i>	<b>Rural</b>		<b>Urban</b>		<b>Group Total</b>	
	<i>Before</i>	<i>After</i>	<i>Before</i>	<i>After</i>	<b>(%)</b>	
Below 50	52(61.9)	29(34.5)	69(31.7)	39(17.9)	121	40.3
51-150	26(30.9)	41(48.8)	103(47.5)	117(53.9)	129	42.9
151-250	3(3.6)	7(8.3)	)	37(17.0)	30	9.9
251-350	3(3.6)	5(5.9)	27(12.4)	19(8.8)	18	6.0
351 and above	0(0.0)	2(2.4)	15(3.2)	11(5.1)	3	0.9
			3(1.4)			
<b>Total</b>	<b>84(100)</b>	<b>84 100</b>	<b>217 100</b>	<b>217 100</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)

\*Values in parenthesis are in percentages

The study looks at the monthly income of the respondents after accessing the micro-credit from the financial institutions. When a comparative analysis was made between the rural and urban respondents, 17.9 percent of the urban women had their monthly income below GH¢50 after the loan, while the rural women recording 34.5 percent. The interview also show that, 48.8 percent of the rural women had their monthly income ranging between GH¢51-150 a month after the micro-credit, whilst their urban folks recorded 53.9 percent. For those respondents in rural areas who answered that their monthly income ranging between GH¢151-250, GH¢251-350 and above GH¢350, the rural folks recorded 8.3 percent, 5.9 percent and 2.4 percent respectively. Whilst for the urban folks, the figure recorded were 17 percent, 8.8 percent

and 5.1 percent respectively. From this results, it is clear that, from both geographical areas, their dominant monthly income after the micro-credit ranges between GH¢51-150 but with the urban having a slight edge ahead of their rural folks. This goes to confirm the study of Ghana Living Standard Survey that, urban localities had higher per capita income than rural localities (GLSS, 2008). It is also clear that, the rural respondents also have majority of its members falling below the GH¢50 in a month. The reasons being that rural women had a higher dependents and majority of them claimed to be the head of their households as indicated in Table 4.3 and Table 4.4 respectively. Again, they claimed to take up those roles that husbands would have played. Finally, they were of the view that the markets were not favourable.

#### **4.4.2 Major Contributor to Household Income**

The research also has as one of its objectives to evaluate the contributions of the women towards their household income before they started accessing the micro-credit scheme. Table 4.10 shows that, 34.6 percent of the respondents were the largest contributors of their household income, while 52.9 percent of the respondents answered that, their husbands were the highest contributor of the household income, with 2.6 percent, 3.6 percent, and 5.3 percent responding that, the highest contributor of their household income were mother, father and others respectively.

It is therefore obvious from the Table 4.10 that, before the women went into the scheme, the main contributor of the household income was the husband, even though a substantial number of them were the women themselves.

**Table 4.10: Major Contributor to Household Income Before and After Accessing Micro-Credit**

Largest contributor to income of the household	Rural		Urban		Group Total	
	<i>Before</i>	<i>After</i>	<i>Before</i>	<i>After</i>		(%)
Myself	32(38)	46(54.8)	72 (33.2)	82 (37.7)	104	34.6
Husband	40(47.6)	26(30.9)	122(56.2)	112(51.6)	162	52.9
Mother	2(2.3)	4(4.8)	6 (2.8)	5 (2.3)	8	2.6
Father	4(4.8)	6(7.1)	7 (3.2)	10 (4.6)	11	3.6
Others	6(7.1)	2(2.3)	10 (4.6)	8 (3.7)	16	5.3
<b>Total</b>	<b>84 (100)</b>	<b>84(100)</b>	<b>217(100)</b>	<b>217(100)</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)

\*Values in parenthesis are in percentages

A comparison between the urban and rural women as to who the highest contributor of their household income was before accessing the scheme, showed that, from both areas their husbands give the largest share of the income that comes into the house, even though the rural folks had a good number of 38.0 percent of the respondents contributing more to the household income as compare to their urban folks who had 33.2 percent of the urban folks been the highest contributor of the household income before accessing the loan. It can therefore be concluded that, women in the rural areas do contribute more in the household income than their counterparts in the urban areas before accessing the loan. In both areas, the contributions of mother, father and other relatives are marginal.

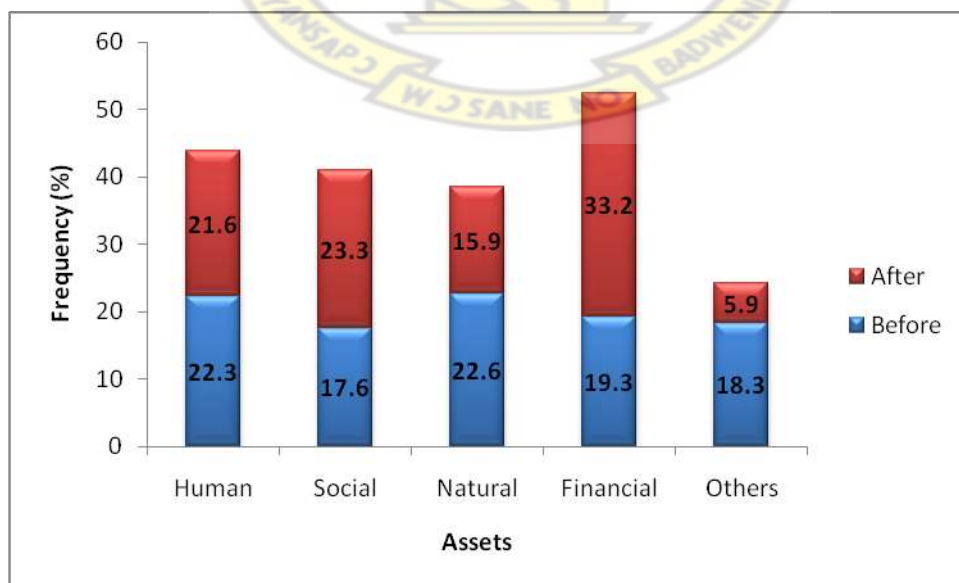
When a further analysis were made between the rural and urban women before and after accessing the scheme, it could be deduced that, after accessing the loans, the rural women have completely taken over as the main contributor of the household income. Before the loans, husbands were the main contributor of the household scheme representing 47.6 percent and 56.2 percent in rural and urban communities respectively. After the loan the number has dwindled to 30.9 percent and 51.6 percent in rural and urban communities respectively, whilst that of those who said myself in rural communities has increased from 38.0 percent and 54.8 percent before and after respectively. In the same vain, even though with the urban respondents, those who responded to myself has increased from 33.2 percent to 37.7 percent. The conclusion can therefore be drawn that, after micro-credit women in the rural areas serve as the main contributor of the household income as against their urban counterparts who still have their husbands as the main contributor of the household income even after the loan. This supports what Navajas *et. al.*, (2000) assumed that, micro finance equally increases household income, improves the consumption patterns and lifestyles of the rural families.

#### **4.4.3 Micro-Credit and Acquisition of Assets by Respondents'**

Assets are natural, social, financial etc properties that human try to acquire for both present and future use to make life better off. It is the dream of every individual to have some form of assets. The study sought to find out whether the micro-credit scheme has been able to aid the women to acquire some form of assets. This was done by asking the respondents about assets they had acquired before and after accessing the scheme.

Figure 4.1 shows the assets of the respondents before and after accessing the micro-credit. From the Figure 4:1 in both areas before accessing the micro-credit scheme, 22.3 percent of the respondents had human assets (i.e education, acquisition of labour) and after the scheme it reduced to 21.6 percent, whilst 17.6 percent of the respondents had social assets (i.e church members, social networking) before accessing the scheme and after increased to 23.3 percent, with 22.6 percent having natural assets (land) before and after decreased to 15.9 percent and 19.3 percent responding that they have financial assets (i.e Cash deposits or savings) before and after increased to 33.2 percent. This gives an impression that in both areas financial assets was what they required the most. Finally those who said they required other forms of assets (such as children's education, clothing's and utensils etc) before was 18.3 percent and after it reduced to 5.9 percent. From the statistics, it is evident that, each and every one of the respondents has some form of assets.

**Figure 4:1 Percentage Distribution of Assets Before and After Accessing the Micro-Credit using Group Totals.**



Source: Field Survey, (2010)

**Table 4.11: Percentage Distribution of Assets Before and After Accessing the Micro-Credit**

<i>Assets</i>	<b>Rural</b>		<b>Urban</b>	
	<i>Before</i>	<i>After</i>	<i>Before</i>	<i>After</i>
Human	15 (17.9)	17 (20.2)	52 (24.0)	48 (22.1)
Social	10 (11.9)	14 (16.7)	43 (19.9)	56 (25.8)
Natural	30 (35.7)	23 (27.4)	38 (17.5)	25 (11.5)
Financial	9 (10.7)	25 (29.8)	49 (22.5)	75 (34.6)
Others	20 (23.8)	5 (5.9)	35 (16.1)	13 (5.9)
<b>Total</b>	<b>84 (100 )</b>	<b>84 (100)</b>	<b>217 (100)</b>	<b>217 100</b>

Source: Field survey, (2010)

\*Values in parenthesis are in percentages

The study compares the assets of both the rural and urban women before they accessed the micro-credit. In rural and urban communities, 17.9 percent and 24.0 percent of the respondents had human assets before accessing the loan. Also 11.9 percent and 19.9 percent of the beneficiaries said they had some form of social assets before accessing the credit in rural and urban respectively. Whiles 35.7 percent and 17.5 percent of them said they had natural assets before accessing the loan in rural and urban respectively. Again, 10.7 percent and 22.5 percent of the respondents had financial assets before accessing the loan. The remaining, 23.8 percent and 16.1 percent had 'other' assets before accessing the credit in rural and urban communities respectively. This shows clearly that, the rural respondents had enough natural assets as compared to their urban counterparts who had more in human assets.



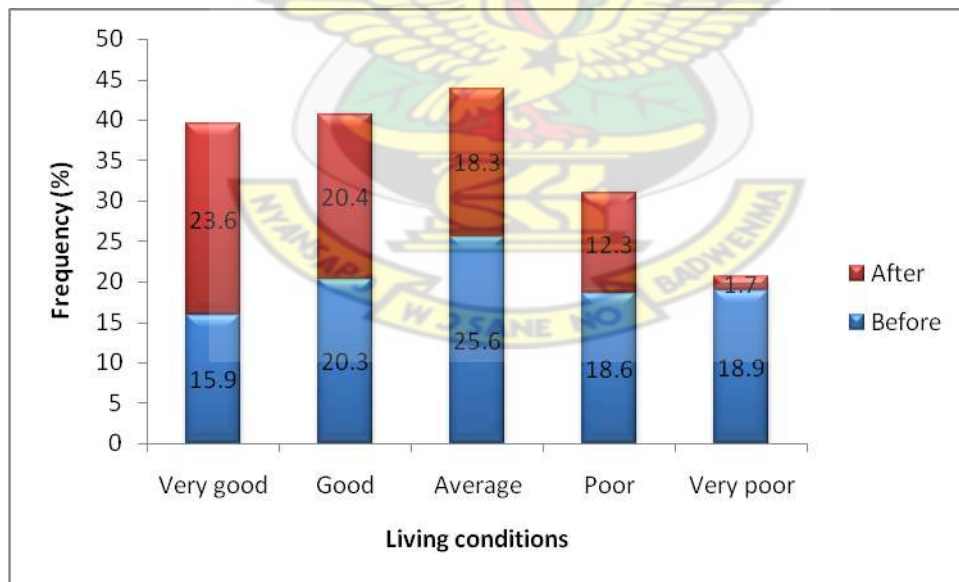
The situation after accessing the loan is quite interesting. For the rural respondents, after the loans there has been an increase in the financial assets from 10.7 percent to 29.8 percent which is quite significant. The same can be said of the urban respondents. After the loans the percentage of financial assets has increased from 22.5 percent to 34.6 percent. This implies that, the loans have made it possible for the respondents for both rural and urban to acquire more financial assets. The story is quite different when it comes to the human assets. After the loans the rural respondents have recorded some percentage increased from 17.9 percent to 20.2 percent, whilst their colleagues from the urban areas have their case been the other way round. After the loans, the urban respondents had their human assets declined from 24.0 percent to 22.1 percent which is quite marginal. This scenario portrays a picture that, the rural respondents after the loans have acquired more human assets, but the loans have made the urban respondents to reduce their human assets.

#### **4.4.4 Respondents Living Conditions before and after Accessing Micro-Credit**

The study had as one of its objectives to identify the impact of the micro-credit on the living conditions (i.e. access to quality food, healthcare services, shelter and clothing etc) of the beneficiaries. This was done by asking respondents to assess their living conditions before and after they accessed the loans. Figure 4.2 depicts the group totals of both geographical areas, 16 percent of the respondents indicated that, their living conditions as described above were very good before accessing the micro-credit, but after the loan, there have been some change from the 16 percent to 23.6 percent of the total respondents. The interview also identifies 20.3 percent who said their living

conditions before accessing the loan was good. There was a slight increment in the percentage from 20.3 percent to 20.4 percent after going in for the loans. In the same vain, the study recorded 25.6 percent of the respondents who said their living conditions were average before accessing the loans, this figure has changed and reduced to 18.6 percent of the total respondents after accessing the loan from the various institutions. The study also recorded a figure of 18.9 percent of the respondents who said their living conditions were poor before accessing the loans, but after accessing the loans, the figure has reduced to 12.3 percent of the total respondents. Before accessing the loan, 18.6 percent of the respondents were very poor and after the number reduced to 1.7 percent. It is very clear from the results that, there have been some significant changes in the living conditions of the respondents after accessing the loan.

**Figure 4.2: Respondents living conditions before and after accessing loans**



Source: Field survey, (2010)

**Table 4.12: Respondents' Living Conditions Before and After Accessing the Micro-Credit**

Living conditions of respondents	Rural		Urban	
	<i>Before</i>	<i>After</i>	<i>Before</i>	<i>After</i>
Very good	7 (8.3)	21 (18.7)	41 (19.0)	62 (28.6)
Good	4 (4.8)	11 (13.1)	57 (26.1)	50 (23.0)
Average	11 (13.1)	12 (14.3)	62 (28.6)	44 (20.3)
Poor	43 (51.2)	32 (38.1)	34 (15.2)	24 (11.1)
Very poor	19 (21.4)	9 (10.7)	24 (11.1)	37 (17.1)
<b>Total</b>	<b>84</b>	<b>84</b>	<b>217</b>	<b>217</b>

Source: Field survey, (2010)

\*Values in parenthesis are in percentages

The study compared both rural and urban women to identify which of the them have actually had their living conditions improved after accessing the loans. From Table 4.12, it is clear that, most of the rural women have had their living conditions improved after accessing the loans as compared to their urban counterparts who have a balance in their living standard after accessing the loans. With the rural respondents, 13.1 percent said their living conditions were very good and good before accessing the loans; but after accessing the loan the figure increased to 31.8 percent. On the other way round, the number of respondents who said their living conditions was poor and very poor constitute 72.6 percent to 48.8 percent after accessing the loan. This means that there has been a significant improvement in respondents living conditions. On the way round, the statistics from respondents who resides in the urban area do not have a stable pattern. In urban communities 45.1 percent said their living conditions before accessing the loan

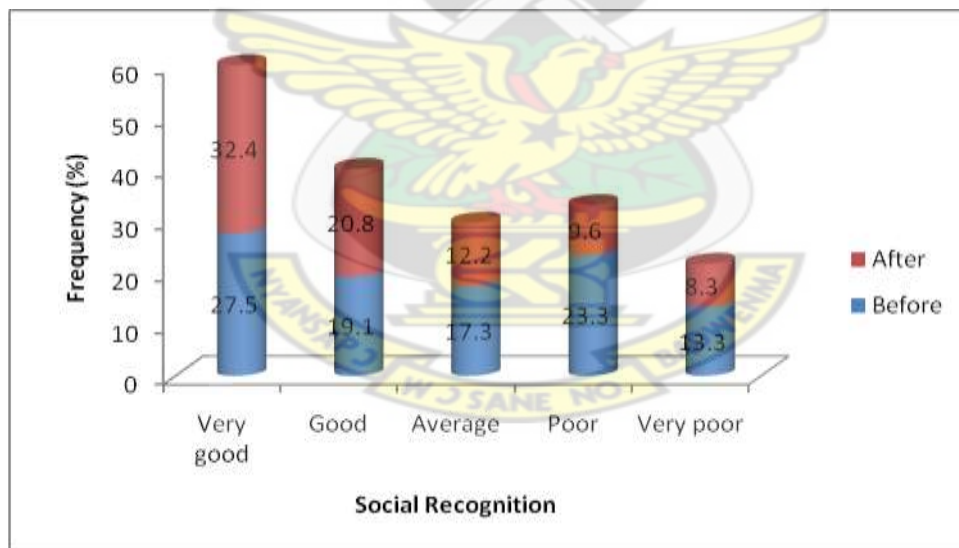
was very good and good, but after the loan, it increased to 51.6 percent. Again, 28.6 percent of women said their living conditions were average before the loans, but, the number reduced to 23.0 percent after the loans. The Table 4:12 also depicts that, before 26.3 percent of the respondents had their living conditions described to be poor and very poor, but after the loans the number has increased to 28.2.percent. From the results provided from the two geographical areas, it is evident that, the impact on the women after accessing the loan is quite significant, but the urban women have their living conditions been better off than their rural counterpart. The study therefore confirms the argument advanced by Hulme *et al* (1998), which stipulated that, access to the micro credit program of rural women helps to improve living conditions through economic self-sufficiency. Microfinance services create business opportunity, increase productivity, provide economic security, give nutritional and health status, and improve housing condition of the rural women. The positive impact on income has increased their asset position and has created wealth for the family (Hulme and Mosely, 1998).

#### **4.4.5 Micro-Credit and Social Recognition of Beneficiaries**

The study assessed the impact the micro-credit scheme has had on the social recognition (i.e. how the society regard the beneficiary women, in terms of status, respect and involvement in decision making etc) of the women. From Figure 4.3, it is clear that, the loans have gone a long way to improve upon the social recognition as in respect, and being part of decision making at the household level in both areas. Before accessing the loan, 27.5 percent of the respondents said their social recognition was very good, but after the loan, the percentage has increased to 32.4 percent. When the question

was asked to know those whose social recognition was good, it was recorded that, 19.1 percent accepted that, their conditions before the loans were good, but after the loan, the number has increased to 20.8 percent which is encouraging. It also clear from the statistics that, 17.2 percent of the respondents said their recognition was average but after the loan, the percentage came down to 12.7 percent which is good. In the same vain, 23.3 percent of them said their social recognition before accessing the loan was poor, but after the loan the number has reduced to 9.3 percent For those who said their recognition was very poor, 13.3 percent accepted that before the loan the recognition was very poor, but after the loan, the percentage of the respondents has reduced to 8.3 percent which is also appreciable.

**Figure 4.3: Micro-credit Effects on Social Recognitions for both Study Areas**



Source: Field survey, (2010)

**Table 4.13 Level of Social Recognitions Before and After accessing Micro-Credit**

	<b>Rural</b>		<b>Urban</b>	
	<i>Before</i>	<i>After</i>	<i>Before</i>	<i>After</i>
Very good	14(16.0)	43 (41.2)	79(36.4)	98 (45.2)
Good	4(4.8)	18 (25.3)	52(24.0)	54 (28.3)
Average	11(15.1)	9 (13.2)	41(18.9)	37 (13.1)
Poor	36(43.0)	7 (9.3)	24(11.1)	10 (4.6)
Very poor	19(22.1)	8 (11.0)	21(9.7)	17 (7.9)
<b>Total</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>

Source: Field survey, (2010)

\*Values in parenthesis are in percentages

The study compared the rural and urban women to know which of the two had their social recognition better improved after the loans. For the rural respondents, 20.8 percent said their social recognition before accessing the loan was very good and good, but, after the loans, the number increased to 66.5 percent which is dramatic that to say those who said both very good and good. Furthermore, 15.1 percent and 65.1 percent described their social recognition before the loans to be average, poor and very poor respectively. Meanwhile, after the loans, these figures have changed to 13.2 percent and 20.3 percent respectively this meant that the loan has brought a tremendous change in the social lives of rural women. It is clear from the statistics that, the social recognition of the women in the rural areas had improved after accessing the loans. On the way round, the women in the urban area had 60.4 percent respondents affirming that, before the loans their recognition in the society was very good and good, but, after the loans,



the number augmented to 73.5 percent which is significant. Also, 18.9 percent and 20.8 percent said their social recognition before the loans were average, poor and very poor respectively. The figures changed after the loans were contracted to 28.3 percent and 12.5 percent said their social recognition were average, poor and very poor respectively. The loans have actually made both the rural and urban respondents to be well recognised. For instance, one woman Madam Akua Boateng said that:

*“Initially my husband takes decisions alone and does not welcome my opinion; subsequently the micro-credit has brought a tremendous change in my status within the household.”*

#### **4.5 CHALLENGES FOR ACCESSING AND USING MICRO-CREDIT**

##### **4.5.1 Micro-Credit and Procedures for Accessing by Respondents**

The researcher also sought to discover the procedures the respondents have to go through in accessing the micro-credit. From Table 4.14, 41.1percent of the respondents said, they were asked to have a bank deposits as well as evidence of livelihood activities before accessing the loans, whilst 58.2 percent were required to have bank deposits, evidence of business activities and membership to a group enable them access their loan. Only 1.7 percent of said bank deposit was the procedure they needed to go through before accessing the loan.



**Table 4.14: Procedures for Accessing Micro-Credit by Respondents'**

	<b>Rural</b>		<b>Urban</b>		<b>Group</b>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>	<b>Total (%)</b>	
Deposits and Evidence of livelihood activities	32	38.1	89	41.0	121	41.1
Deposits, Membership to a group and Evidence of livelihood activities	48	58.1	127	58.6	175	58.2
Deposit only	4	4.8	1	0.4	5	1.7
<b>Total</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)

On the one hand, in the rural communities 38.1percent of the respondents had bank deposits and evidence of business activities before accessing the loan, 58.1percent of them were of the view that they needed bank deposits, evidence of livelihood activities and membership to a group, the remaining 4.8 percent also said the needed only bank deposits to acquire the loan. On the other hand, 41.0 percent of the beneficiaries from the urban communities said the needed bank deposits and evidence of business activities, whilst 58.6 percent of them said they were required to have bank deposits, evidence of business activities and membership to a group, and only 0.4 percent of them needed bank deposits to access the loan.

From the figures demonstrated on the Table 4.14 it is clear that, most of the financial institutions do require some form before they can make the loan available to

the beneficiary. During the focus group discussion, most of the women complained about the initial deposit needed by the MFIs before loans are approved as one of their biggest challenge, since that bring financial stress. Also the group formation was raised as one of their challenge.

#### 4.5.2 Micro-Credit and Collateral Requirement

As part of the challenges that the respondents go through in accessing the credit, the study sought to find out whether they are mandated to provide any form of collateral before accessing the fund or not. From the results in Table 4.15, 68.1 percent of the respondents said they were tasked to provide some form of collateral before they were given the loans, while 31.9 percent said they did not provide any form of collateral before they had the money. This was further confirmed from the focus group discussions, when one woman named Nana Abrefi indicated that:

*‘To acquire a loan from this institution, you must necessarily belong to a group, so that if you happen to default the group will be tasked to pay on your behalf’.*

**Table 4.15: Percentage Distributions of Collateral Requirements by Respondents’**

	Rural		Urban		Group Total (%)	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>		
Yes	61	72.6	144	66.4	205	68.1
No	23	27.4	73	33.6	96	31.9
<b>Total</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)

The study compared the rural and the urban respondents to know which of the two groups are mandated to provide collateral before they are given the money. From the results provided, 72.6 percent of the rural respondents said they were asked to provide some form of collateral before they could access the credit. In the same vain, in data from the interview in urban area also demonstrates that, 66.4 percent of the respondents provide some form of collateral before they are able to access the loans. From both geographical areas, it is clear that; collateral is actually a hurdle that one needs to deal with in order to have the loans. According to the beneficiaries it becomes very difficult for them to secure loans because of the collateral securities demanded by the MFIs. This observation agrees with the argument of International Fund for Agricultural Development (IFAD, 2010) that, credit facilities are generally not extended to the rural poor, even for highly productive activities, because they have few or no assets to offer as collateral.

#### **4.5.3 Respondents Level of Awareness of the Interest charges on Micro-Credit**

The study found out whether respondents are aware that there is any form of interest rate on the loans that are contracted. This was confirmed by 94.7 percent of the respondents with only 5.3 percent of the respondents who did replied that, they are not aware that they do pay some form of interest on the money they collect. An interview with the various financial institutions proved that, there are some forms of interest on the money they give out. The rate however depends on the type of financial institution the money is collected from.

**Table 4.16: Level of Awareness of Charges on Interest Rate by Respondents'**

	Rural		Urban		Group Total	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>	<i>(%)</i>	
Yes	81	96.4	204	94.0	285	94.7
No	3	3.6	13	6.0	16	5.3
<b>Total</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)

In rural area 96.4 percent of the respondents are aware of the interest rate on the loans while in urban area 94.0 percent of the beneficiaries are aware of the rate. Comparatively, both the rural and urban women who have been accessing the micro-credit are all aware that, an interest is charge on the money collected from the financial institutions.

#### **4.5.4 Description of the Rate of Interest by Respondents**

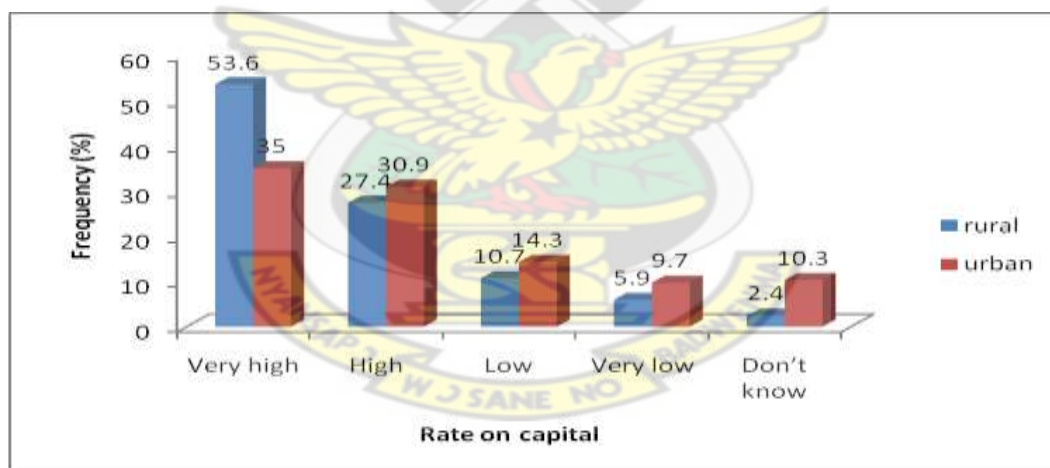
The study found out how the respondents look at the interest rate; whether they are content with it. From the interview resulted, 40.2 percent of the respondents said, the rate was very high, while almost 30 percent also described the rate to be high. Some of the respondents had a different view about the rate, 13.3 percent and 8.6 percent, said the rate was low and very low respectively. Meanwhile, 7.9 percent responded indifferently by saying they don't know.

**Table 4.17 Respondents Description of Interest on Loan**

Description of the interest rates	Frequency	Percentage
Very high	121	40.2
High	90	29.9
Low	40	13.3
Very low	26	8.6
Don't know	24	7.9
<b>Total</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)

**Figure 4.4: Description of the Rate of Interest by Respondents**



Source: Field survey, (2010)

As indicated in Figure 4.4, in rural area 53.6 percent were of the view that the rate was very high, 27.4 percent said it was high, 10.7 percent were of the view that it was low, 5.9 percent and 2.4 percent of the respondents were also of the view that it was very low and don't know respectively. In the urban area 35.0 percent of the respondents were also of the view that the interest rate was very high, 30.9 percent of them said it was

high, 14.3 percent of the respondents said it was low, finally, 9.7 percent and 10.3 percent said it was very low and don't know respectively.

A further question was also asked during the FGD to find some other challenges facing micro-credit beneficiaries. It was identified that a high rate of interest was their major challenge in the sense that sometimes they would have to sell off their lands or assets in order to pay the loans they have borrowed. Other challenge such as, a short term repayment period of six months, which made the total amount to be paid very high. Also they were of the view that small loan size was one of their challenges. They claimed a minimum of GH¢500 to GH¢1000 were not enough to improve their respective businesses. The results go to confirm Murdoch's (1999:1574) work which indicated that, one of the challenges that the poor faced is that, microfinance has high interest rates. For instance, a regular financial institution may charge 10-15 percent interest on a loan depending on credit history of the borrower; MFIs charge interest rates of 40-60 percent. They also said loans were meant to be paid on weekly basis in order to avoid default. However, the women indicated that, they always had to work under pressure or use their own capital to repay the loan. During the discussion majority of the women pleaded that the bank or MFIs should reduce their interest rate and possibly increase their repayment period so that there will be some flexibility in the usage of the loans.

#### **4.5.5 Nature of Challenge in Accessing Micro-Credit**

The researcher also has as one of its objective to identify the type of challenges respondents have to go through in order to access the loan. From Table 4.18, over 14.0

percent said the challenge they encounter was the unfriendly nature of some staff of the financial institutions, whilst 57.1 percent responded that, their challenge was the bureaucratic processes they had to go through in order to access the loans. Favoritism was not left out of the challenge. About 19.6 percent of the respondents said, their challenge was with favoritism, but on the contrast, nobody accounted payment of bribes as a challenge and also 9.0 percent said they encountered other challenges different from what was captured on the Table 4.18.

**Table 4.18: Percentage Distribution of Challenges in Accessing Micro-credit**

	Rural		Urban		Group	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>	<i>Total (%)</i>	
Unfriendly staff	9	10.7	34	15.7	43	14.3
Bureaucratic procedures	43	51.2	129	59.4	172	57.1
Favoritism	27	32.1	32	14.7	59	19.6
Payment of bribes	0	0.0	0	0.0	0	0.0
Others	5	6.0	22	10.1	27	9.0
<b>Total</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)

In rural area 51.2 percent of respondents said bureaucratic procedures is their major challenge that they have to go through before accessing their loans. In the same direction 59.4 percent of the respondents from urban area go through the same bureaucratic procedures before they can access their loans from MFIs.



The statistics from the Table 4.18 also shows that, the rural and urban respondents do have the same challenge. During the FGD one beneficiary name Auntie Anita said” *I had to search for a group to join before I was provided with the loan by the MFIs*”

#### **4.5.6 The Nature of Challenges in Using Micro-Credit.**

From the interview conducted earlier on, it has been confirmed that, respondents do face some challenges in the usage of the micro-credit they received from the various financial institutions. The study therefore identified the types of challenges that beset the women in their usage of the money. From the table below, 28.6 percent responded that, the problem they do encounter is interference from their husbands. Their husbands always in one way or the other temper with the money they collect from the institutions. Another problem that was encountered was pressure from extended family members. About 28.0 percent of the respondents said their challenge was with the extended family interference. In the same vein, 18.3 percent said some social obligations making donations for funerals were their challenge and 25.1 percent also have challenges but could not specifically identify a particular problem and so this category of respondents were classified as other challenges such as paying children’s school fee and for consumption.

**Table 4:19 Percentage Distribution of Challenges faced in using Micro-credit**

	Rural		Urban		Group Total	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>	<i>(%)</i>	
Interference from						
husband	5	5.9	81	39.4	86	28.6
Pressure from						
extended family	43	51.2	42	19.4	85	28.0
Social obligations	23	27.4	32	10.6	55	18.3
Others	13	15.5	62	30.6	75	25.1
<b>Total</b>	<b>84</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>301</b>	<b>100</b>

Source: Field survey, (2010)

In rural area 51.2 percent of respondents spend much of their credit on their extended family whiles in urban area most of their loan goes to husband representing 39.4 percent. The remaining percentages in both areas were spent on social obligations (such funerals, wedding ceremonies etc) and the “others” also represent those who spent theirs on their children’s school fees, water and family project. From Table 4.19, it is obvious that beneficiaries encounter problems of varied kinds more especially from families and husbands after accessing the scheme. For instance, Aunty Adwoa Badu, during the Focus Group Discussions said:

*“Anytime I go to collect the money from the bank, it coincides with my children’s school fees which make it difficult for me to invest the money for its purpose”.*

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

Microfinance is regarded as an effective tool for poverty reduction. The Asian Development Bank (2000) has equally recognized micro-credit as a powerful tool to promote economic growth, reduce poverty, support human development and improve the status of women. Again, the microfinance schemes provide opportunity for the poor, especially women to access financial services. Unfortunately, in spite of the obvious roles that microfinance institution plays in the lives of women in rural and urban areas, there are some challenges those women who had access to micro-credit face.

There was the need to examine the role that micro-credit played in women livelihood improvement in Ashanti Region. Also there was the need to investigate the challenges that women go through in accessing and using the micro-credit that they receive from MFIs. In order to achieve the set objectives, various research techniques were employed to carry out the study. These included questionnaire, face-to-face interviews and focus group discussions.

The research looked at the role of microfinance institutions in improving the livelihoods of women in selected communities in the Offinso Municipality and Tafo Sub-Metropolitan Area. In all, 301 respondents were sampled from the two study areas. The data collected from the respondents were analyzed and presented using descriptive statistics in a form of tables and graphs. The main findings of the study is the subject of the subsequent section.

## 5.2 FINDINGS

From the analysis and discussions, some key findings of the study were established.

These are discussed below:

- The study shows indication that those who access the scheme at the rural areas are older than those in the urban areas. In general, about 70 percent of the respondents have their ages between 18 and 48 which can be described as the active age group and also are considered as youth.
- In generic terms, it can be inferred from the study that, majority of the beneficiaries who go in for the scheme are unmarried/without husband representing 53.2 percent of the total number of 301 in both study areas. Comparatively, women who benefit from the scheme and reside in the urban areas are mostly married women whilst those from the rural areas are single women.
- The study also shows disparity in dependents. In the rural communities for the study, women have dependents of 8 and above, whilst the urban women have a small household size ranging between 1 to 4. The difference is as a result of the fact that, the rural areas mostly practice the extended family system, whilst the urban areas basically practice the nuclear family system.
- Again, the study revealed that, in rural areas women who benefit from the scheme representing 46.4 percent are the heads of their household whilst 67.2 percent in the urban women have their husbands as the head of the household. Generally, husbands are basically the heads of households in both areas representing 57.8 percent. This confirms Twumasi's (2001), assertion that in Africa to be specific, households are headed mainly by men.

- The study finds out that, women who benefit from the scheme in both study areas have trading as their largest occupation representing 79.4 percent. However, the rural women in addition to their trading activities, engaged in farming as a supportive activity, whilst their counterpart in the urban areas engaged in service such as dressmaking as a second major livelihood activity. It is not surprising that, the women in the rural areas engaged in farming because land is available and it is also the main occupation of the rural folks.
- The statistics also revealed that 42.8 percent from the rural area have never been to school, with nobody going beyond senior high school whilst its counterparts from the urban have 28.6 percent of its respondents attaining senior secondary school education. Comparatively the women from the urban area have received higher form of education than its counterparts in rural area.
- Also it was revealed that in the rural area 48.8 percent received their working capital from Sinapi Aba Trust whilst 39.6 percent of the urban women have their source of working capital from Kwamanman Rural Bank.
- It was found out that, 61.5 percent of the respondents from both study areas have received some form of training for their businesses whilst 38.5 percent said; they have not received any form of training as far as their businesses are concerned. For those said they do not receive any form of training are of the view that the training are not for free.
- Also the study revealed that as many as 54.7 percent and 59.4 percent of the respondents said the training has been helpful to them in diverse ways in rural and urban communities respectively, with 45.3 percent and 40.6 percent of the

respondents saying that they have not seen how helpful the training has been to them in rural and urban areas respectively.

- It was found that majority 48.8 percent and 53.9 percent of the respondent in rural and urban respectively had their monthly income increased between GH¢51-150. The income increased after joining the MFI, therefore one can conclude that the presence of the MFI has increased women income.
- The results obtained from our analysis, regarding women's social recognitions (as being part of household decision making process in the family etc.) reveal that micro-credit scheme helped both the rural and urban respondents. For the rural respondents, 20.8 percent said their social recognition before accessing the loan was “very good and good”, but, after the loans, the number increased to 66.5 percent. The women in the urban area had 60.4 percent respondents affirming that, before the loans their social recognition in the society was “very good and good”, but, after the loans, the number augmented to 73.5 percent which is significant. It was found that majority of the respondents were not involved in household decision before but after joining the MFI the situation improved.
- The study revealed as many as 53.6 percent and 35.0 percent of the respondents were of the view that the rate was very high in both rural and urban respectively.
- In rural area 51.2 percent of respondents said bureaucratic procedures is their major challenge that they have to go through before accessing their loans. In the same direction 59.4 percent of the respondents from urban area go through the same bureaucratic procedures before they can access their loans from MFIs

- In rural area 51.2 percent of respondents spend much of their credit on their extended family whiles in urban area most of their loan goes to husband representing 39.4 percent.

### **5.3 CONCLUSION**

The main objective of the study was to understand the relationship between micro-credit and women livelihoods improvement. The study observed that, through participation in the scheme, especially by Rural Banks and Sinapi Aba Trust, women have diversified and accumulated various assets in the form of financial, human, natural and physical capital. Also participation in the scheme has helped to improve the living conditions of the beneficiaries. Furthermore, by women accessing credits from the MFIs and investing them into their livelihood strategies their incomes are increasing. This observation is also ineluctably tied to improvements in their social recognition in their households and communities. Notwithstanding these positive impacts, there were some challenges, such as the high interest rate on credit, short duration for payment of the credit obtained, and the need to eliminate the group collateral. Finally the study also identified that the Grameen Solidarity Group Model was the less preferred model by the beneficiaries because they claimed credit are distributed among a large group making each person's contribution less and they also complained of the fact that the interest charges on credit is very high.



## **5.4 RECOMMENDATIONS**

Based on the key findings and the conclusions drawn the following recommendations are put forward in order to improve operations of microfinance institutions, towards enhancing sustainable livelihoods among women:

### **5.4.1 Micro-credit and Income Generating Activities**

#### **5.4.1.1 Education**

MFIs should organise regular seminars on business management and strategy investment plan to ensure full realisation of the scheme effectiveness on participants. Also ensure that both literate and illiterates alike can keep records of income from their businesses. It is recommended that, this trainings will be organised free for the beneficiaries by the microfinance institutions, so as to increase the level of participation.

#### **5.4. 1.2 Awareness of Micro insurance to Beneficiaries**

Most poor people do not have any form of insurance to safeguard them against bad occurrences or disasters, such as funerals, loss of properties, providing education for wards etc. It is recommended that MFIs should create the awareness to its beneficiaries to understand the need for subscribing to micro insurance.

### **5.4.2 Micro-credit and Poverty Reduction**

#### **5.4.2.1 The Need to Increase Credit Size**

To begin with, credit given to clients especially women is not enough to lift those living below the poverty line. Therefore, it is recommended that, MFIs increase their loan size to GH¢ 1500 and above. An increase in micro-credit size would have a

greater multiple effect on household's income through profits from income generating activities.

#### **5.4.2.2 Use of Loans for the Right Purposes**

Clients, especially women who acquire loans from their respective MFIs should use the loans for what it is meant for clients should not redirect credits acquired into functions like funerals and marriage ceremonies.

#### **5.4.3 Challenges in Using and Accessing Micro-credit**

##### **5.4.3.1 Reduction in the Rate of Interest by MFIs**

The researcher's interaction with the beneficiaries revealed that there is a high interest rate ranging from 19 to 25 percent on the micro-credit and this makes it difficult for the beneficiaries to payback their loans. It is recommended that MFIs reduce their interest rate to 10 – 15 percent on the micro-credit, and possibly extend the duration in which beneficiaries are asked to settle their loans.

##### **5.4.3.2 Multiple Loan collection**

Microfinance clients should be prevented from multiple loans. This is because, its become very difficult to settle those laons to their various Banks. It is also recommended here that, clients should go in for a single loan ,so as the payment become very easier for them.

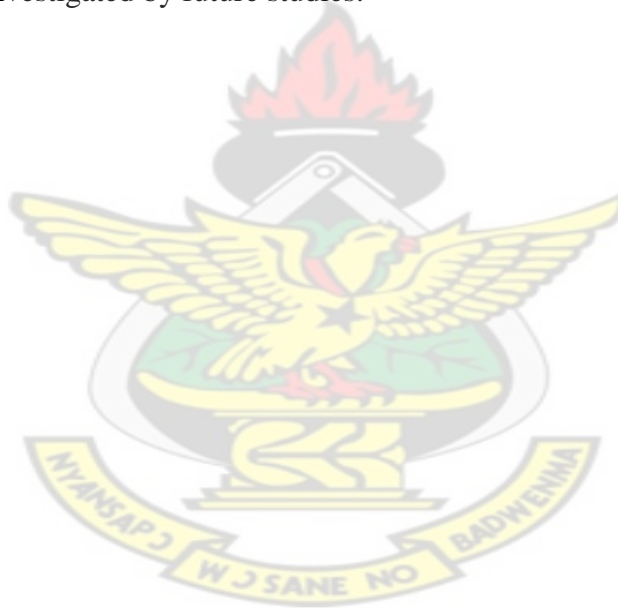
##### **5.4.3.3 Group Collateral by MFIs**

The loan can be collected collectively as requested by the various microfinance institutions. However it is recommended that, they paid individually because some defaulters normally put other group members in trouble by refusing to settle their loans.

Or better still, the group as well as the institutions could incorporate family members as guarantors so as to be able to retrieve their monies.

### **5.5 Area for Future Research**

The current study was based on Micro-Credit in improving the livelihoods of women in selected communities in the Offinso Municipality and Tafo Sub-Metropolitan Area. The study did not consider the men who access the scheme. Another area that has not been investigated is the clients who were beneficiaries but had dropped out. These areas deserve to be investigated by future studies.



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## APPENDICES

### Appendix “A”: Interview Guide for Women

**KWAME NKRUMAH UNIVERSITY FOR SCIENCE AND TECHNOLOGY**

**FACULTY OF SOCIAL SCIENCE**

**Department of Geography and Rural Development**

The role of microfinance institution in improving the livelihoods of women: A case study of selected communities Offinso Municipality and Tafo Sub-Metropolitan Area. The purpose of this interview is to investigate the relationship between micro-credit and women livelihood improvement in the Ashanti Region. The information provided will be used solely for academic purposes and would be treated as confidential. Thank you for cooperation.

**Please tick or fill in where appropriate**

#### **SECTION A: BACKGROUND**

In which community are you located?.....

1. Age

(a) 18-28 [   ] (b) 29-38 [   ] (c) 39-48 [   ] (d) 59 and above [   ]

2. What is your marital status?

(a) Married [   ] (b) Single [   ] (c) Widowed [   ] (d) Divorced [   ]

3. What is the size of your household?

(a) None [   ] (b) 1 [   ] (c) 2-3 [   ] (d) 4-5 [   ] (e) 6-7 [   ] (f) 7 and above [   ]

4. Who is the head of your household?

(a) Self [   ] (b) Husband [   ] (c) Uncle [   ] (d) Mother [   ] (e) Father [   ] (f) Other(s) ...

5a. What business activities do you engage?

(a) Trading [ ] (b) Services [ ] (c) Farming [ ] (d) Manufacturing [ ] (e) Other(s).....

5b. What is/are your reason for engaging into trading activity.....

6. What is the highest level of education you have attained?

(a) Primary [ ] (b) JHS [ ] (c) SHS [ ] (d) Middle school [ ] (e) College [ ]

(f) University [ ] (g) Never schooled [ ] (h) other(s).....

## **SECTION B: MICRO-CREDIT AND INCOME GENERATING ACTIVITIES**

1. Where did you receive, the micro-credit from?.....

2a. Have you received any form of training for your business? (a) Yes [ ] / (b) No [ ]

2b. If yes, where did you receive the training from?.....

2c. If no what is/are your reason(s)?.....

3a. Has the training helped to improve your business? (a) Yes [ ] / (b) No [ ]

3b. Please give reason(s) for your answer.....

3c. What other form of services do you receive from your institution?.....

.....

4a. Would say that your business has improved since you access to micro-credit?

(a) Yes [ ] / (b) No [ ]

4b. Please give reason(s) .....

## **SECTION C: MICRO-CREDIT AND POVERTY REDUCTION**

1a. What was your average monthly income in GH¢ before accessing micro-credit?

(a) Below 50 [ ] (b) 51-150 [ ] (c) 151-250 [ ] (d) 251-350 [ ] (e) 351 and above [ ]

1b. What was your average monthly income in GH¢ after accessing micro-credit?

(a) Below 50 [ ] (b) 51-150 [ ] (c) 151-250 [ ] (d) 251-350 [ ] (e) 351 and above [ ]

2a. Who was the largest contributor to income in the household before accessing your working capital?

(a) Self [ ] (b) Husband [ ] (c) Uncle [ ] (d) Mother [ ] (e) Father [ ] (f) Other(s)

2b. Who was the largest contributor to income in your household after accessing your working capital?

(a) Self [ ] (b) Husband [ ] (c) Uncle [ ] (d) Mother [ ] (e) Father [ ] (f) Other(s) ....

3a. Were you able to acquire certain assets before accessing the micro-credit?

(a) Human	(b) Social	(c) Natural	(d) Financial	(e) Others
1. Skills [ ]	1. Membership	1. Land	1. Cash [ ]	1).....
2. Knowledge [ ]	to a group [ ]	2. Water	2. Bank	2).....
3. Labour [ ]	2. social network membership [ ]		deposits [ ] 3. Livestock [ ]	3).....

3b. Are you able to acquire assets after accessing micro-credit your primary source of working capital?

(a) Human	(b) Social	(c) Natural	(d) Financial	(e) Others
4. Skills [ ]	1. Membership	1. Land [ ]	1. Cash [ ]	1).....
5. Knowledge [ ]	to a group [ ]	2. Water [ ]	2. Bank	2).....
6. Labour [ ]	2. social network membership [ ]		deposits [ ] 3. Livestock [ ]	3).....

4a. How would you describe your living conditions (i.e access to food, shelter, health and clothes) before accessing micro-credit?

(a) Very good [ ] (b) Good [ ] (c) Average [ ] (d) Poor [ ] (e) Very poor [ ]

8b. How has your describe your living conditions (i.e access to food, shelter, health and clothes) after accessing micro-credit?

(a) Very good [ ] (b) Good [ ] (c) Average [ ] (d) Poor [ ] (e) Very poor [ ]

5a. How would you described your level of social recognitions (i.e how does society views you, in terms of status such respect and involvement in decision making at the household level ) before accessing your primary source of capital?

(a) Very good [ ] (b) Good [ ] (c) Average [ ] (d) Poor [ ] (e) Very poor [ ]

5b. How has your described your level of social recognitions been after accessing micro-credit?

(a) Very good [ ] (b) Good [ ] (c) Average [ ] (d) Poor [ ] (e) Very poor [ ]

6a. Were you enrolled on NHIS before accessing micro-credit?

(a) Yes [ ] / (b) No [ ]

6b. Are you enrolled on NHIS after accessing micro-credit?

(a) Yes [ ] / (b) No [ ]

6c. By which means did you acquire the NHIS.....

#### **SECTION D: CHALLENGES IN ACCESSING AND USING MICRO-CREDIT**

1. What are the procedures you go through before accessing the working capital?

(a) Deposit and Evidence of livelihood activities [ ] (b) Deposit, Membership to a group and Evidence of livelihood activities [ ] (c) Deposit only [ ]



2a. Do your institution ask for any collateral as a requirement for accessing micro-credit? (a) Yes [ ] / (b) No [ ]

2b. Please give reason for your answer.....

3. Are you aware of any interest rates on your capital? (a) Yes [ ] / (b) No [ ]

4. How would you describe the rate of interest?

(a) Very high [ ] (b) High [ ] (c) Average [ ] (d) Low [ ] (e) Very low [ ] (f) don't know [ ]

5a. Do you encounter any challenge(s) in accessing your micro-credit?

(a) Yes [ ] / (b) No [ ]

5b. If yes, please tick the appropriate challenges for accessing your source of capital?

(a) Unfriendly staff [ ] (b) Bureaucratic procedures [ ] (c) Favoritism [ ] (d) Payment of bribe [ ] (e) other(s).....

6. What is the nature of challenge for faced in using of the credit you accessed?

(a) Interference from husband [ ] (b) Pressure from extended family [ ] (c) Social obligations [ ] other(s).....

## Appendix “B”: Institutional Questionnaires

### KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

#### Faculty of Social Sciences

#### Department Of Geography and Rural Development

“The role of microfinance institutions in improving the livelihoods of women”: A case study of selected communities in the Offinso Municipality and Tafo Sub-Metropolitan Area.

#### Section A: Background Information

1. The name of the microfinance institutions.....

2. The objectives of the microfinance institution.....  
.....

3a. Do you have peculiar business activities that you give credit or support to?

(a) Yes [ ] / (b) No [ ]

3b. what are they .....

4. What are some of the services you rendered to your customers?

5. Could you please tell me, how much your interest rate is?.....

6. In terms of performance which of these areas (rural and urban) do will in the following;

Please give reasons to your answer,

(a) Payment of microcredit or resettlement of loans

(b) Are their income generating activities the same?

(c) In terms of credit usages, are they the same?

9. Please you can share your opinions or comments if any, on what you think should be

included in the study.....

10a. Please what microfinance model do your MFIs operate in?

10b Why do you prefer specific model but not the other?

**Thank you**

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## **Appendix “C”: Question Guide for Focus Group**

### **KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

#### **Faculty of Social Sciences**

#### **Department Of Geography and Rural Development**

“The role of microfinance institutions in improving the livelihoods of women”: A case study of selected communities in the Offinso Municipality and Tafo Sub-Metropolitan Area.

#### **Focus Group Discussion (FGD)**

1. The area in which respondent lives.....
  2. What income generating activity do you engaged your source of credit in?
  3. Where was you initiate source of capital for your income generating income?
  4. Were you given any training that could enhance you business growth? Yes [ ] / No [ ]
  5. Are they some other services that you enjoyed from MFIs apart from the micro-credit and the savings?
  6. Did you invest the money you accessed from MFIs into your business?  
Yes [ ] / No [ ]
- Please give reason for your answer.
7. What would say about your average monthly income before and after accessing micro-credit?
  8. Who was the highest contributor before/after accessing the micro-credit?
  9. Were you able to acquire assets before/after accessing the micro-credit?
  10. How would you describe your living conditions (as in access to food, healthcare, shelter, clothing etc) before and after accessing the micro-credit?

11. How would you described your level of social recognition (as in partaken of decision making, respect from your husband etc) before/after accessing micro-credit?
12. Are there any challenges you face in accessing micro-credit?
13. Are there any challenges you faced in using micro-credit?
14. How would you describe the interest rate on the micro-credit?
15. What do you suggest the institutions should do for you?

**Thank you**

