

CERTIFICATION

I hereby declare that this submission is my own work towards the MBA 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 the University, except where due acknowledgement has been made in the text.

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ABSTRACT

Women workers throughout the world contribute to the economic growth and sustainable of the live hold of their family and the community. The role and importance of women through child rearing which includes (education, health, nutrition and large family obligations) cannot be over emphasis in terms of the economic development. Women need money in order to perform these roles. However, the formal banks are unwilling to lend money to women because they perceived women are unable to control household income and also they have limited property as collateral. Microfinance has target women because women have proven to be reliable credit risks and when they have the financial means they invest the money back into their family resulting in better education, health, nutrition and empowerment.

This study is to evaluate the contribution made by Opportunity International Savings & Loans Ltd (OISL) towards the empowerment of rural women in Ghana.

From the findings of this study, it was realized that the loans offered by OISL have significant impact on the empowerment of rural women. Interestingly, this study found that most women in this association experienced increased income and therefore improved their economic status, political and social conditions after receiving the loans. They also expressed concern about high interest rate that is charge on the loan. In addition to that the respondent were also worry about application procedures, short repayment period and long training session before disbursement of loans. Some of the respondent also perceived microfinance as not a tool to alleviate poverty because its create debt on some poor family and sometimes the very poor in the rural communities are neglected. Despite these challenges, majority of the respondents concluded Microfinance has contributed not only in alleviating poverty of the poor people, but also in empowering the rural communities.

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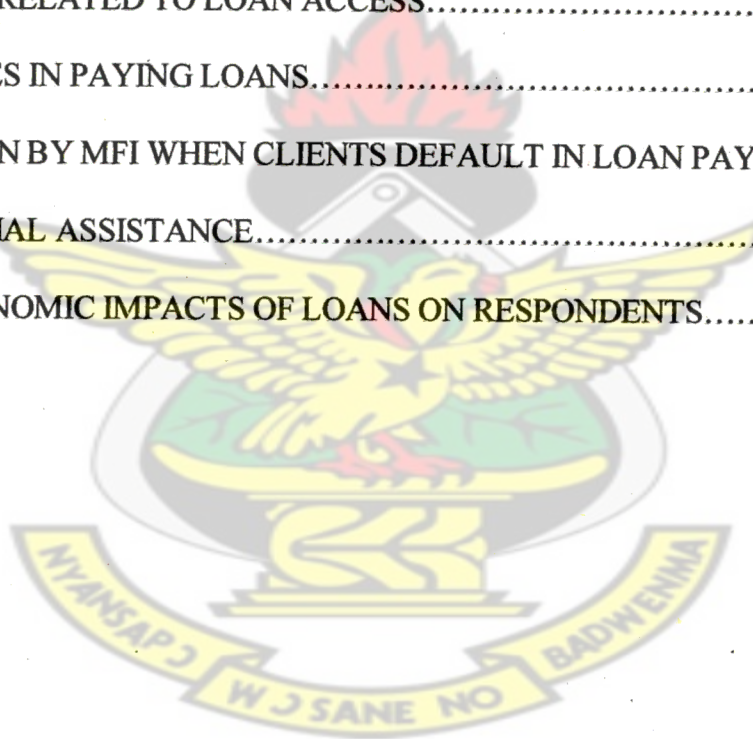
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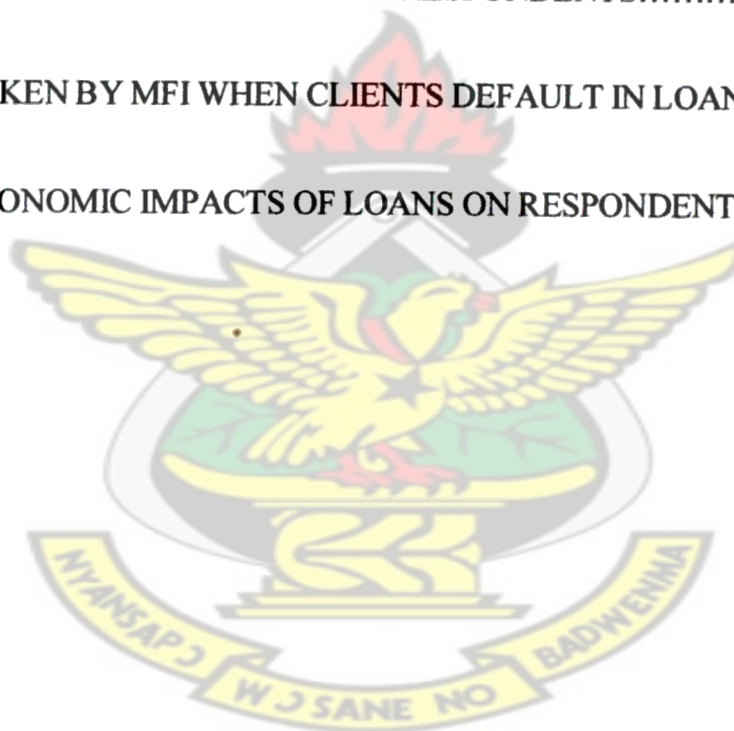
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LIST OF ABBREVIATIONS



ADB:	ASIAN DEVELOPMENT BANK
ASCAs:	ACCUMULATING SAVINGS & CREDIT ASSOCIATIONS
ASSFIN:	Association of Financial Non-Governmental Organizations
BBG:	Barclays Bank of Ghana
BRAC:	Bangladesh Rural Advancement Committee
CGAP:	Consultative Group to Assist the Poor
CUA:	Credit Unions Association
FNGOs:	Financial Non-Governmental Organizations
FWA:	Financial Women's Association
GCSCA:	Ghana Cooperative Susu Collectors Association
GDP:	Gross Domestic Product
GHAMFIN:	Ghana Microfinance Institutions Network
GoG:	Government of Ghana
GPRS :	Growth and Poverty Reduction Strategy
MASLOC:	Microfinance and Small Loans Centre

MDAs:	Ministries Departments and Agencies
MDGs:	Millennium Development Goals
MFIs:	Microfinance Institutions
MMDAs:	Metropolitan, Municipal and District Assemblies
NGO:	Non- Governmental Organization
OISL:	Opportunity International Savings & Loans Ltd
ROSCAs:	Rotating Savings and Credit Associations
SAT:	Sinapi Aba Trust
SUM/ UNCDF:	Special Unit on Microfinance of the United Nations Capital Development Fund
UN:	United Nations
USAID:	United States Agency for International Development

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“This thesis is dedicated to my mother, family members and my friends;

Who always inspired me in every step to accomplish this study”.

It is a great honor for me to work on this topic and I feel glad to accomplish my task. Along with my sincerity and interest, there are few people, who really helped me to make this endeavor to be a successful one.

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CHAPTER ONE

INTRODUCTION

1.1 Background

Women workers throughout the world contribute to the economic growth and sustainable livelihoods of their families and communities. The role and importance of women in the national economy through child rearing (including education, health and nutrition and large household obligation) cannot be over emphasized in terms of their contribution to Gross Domestic Product (GDP) and the development of the nation as a whole. Most banks are unwilling to lend money and mobilize savings for women. This is based on the perception that women are unable to control household income, have limited access to property and fewer source of collateral. According to the Financial Women's Association (FWA 2007) "Microfinance generally targets poor women because they have proven to be reliable credit risks and when they have the financial means, they invest that money back into their families, resulting in better health, nutrition and education as well as stronger local economies.

Microfinance programmes are currently being promoted as a key strategy for simultaneously addressing both poverty alleviation and women's empowerment. Literature prepared for the Microcredit Summit Campaign presents an extremely attractive vision of increasing numbers of expanding micro-finance programmes which give many women access to microfinance services. According to the State of the Microcredit Summit Campaign 2001 Report, 14.2 million of the world's poorest women now have access to financial services through specialized microfinance institutions (MFIs), banks, NGOs, and other nonbank financial institutions and this show a significant impact in the life of women in the world. Women have now gained an international

reputation for their excellence credit performance making a priority for poverty oriented credit program.

The United Nations General Assembly in 1998 declared the year 2005 as the international year of micro credit in recognition of the immense contribution of micro credit and micro finance to poverty reduction around the world. One of the key measures identified by the UN as an effective way of reducing extreme poverty and hunger is increased access to micro credit and financial services among the poor, particularly women (Dowuona S., 2005).

Over the last one decade, the Government of Ghana (GoG) has come to realize that microfinance is the panacea for reaching out to the poorest of the population who are most difficult to reach through conventional banking interventions. However, it has also been realized that micro finance can only be efficacious if it was properly packaged, targeted and managed in a way that allowed the poor and low income people in general to use and recycle resource for poverty reduction and wealth creation. Indeed micro credit can be used to fight poverty because of its effectiveness as a tool for generating employment through the acquisition of appropriate business management skills, which in turn leads to increased income levels and improved standards of living (GIMPA report, 2005).

1.2 Problem statement

There is a saying that: "Behind every successful man is a woman". In recent times, there has been so much talk on the Ghanaian media about women empowerment and educating the girl child. The question is 'What is the rationale behind all this?' The answer is simple; to promote the feminine gender that has been relegated to the background and deprived of many social benefits. Women have contributed immensely to the development of the Ghanaian economy. Typical examples are the late Mrs. Esther Ocloo; who is both the founder of Nkulenu

Factory and the Association of Ghana Industries as well the first female chief justice, Mrs. Georgina Theodora Woode and Afia Ansaa Ampene (Hotess, Mmaa Nkomo) her immense contribution towards empowering women in rural and urban Ghana.

Several studies have shown that microfinance leads to women empowerment in several respects. 'The Trust Bank program of Sinapi Aba Trust (SAT) has clearly contributed to the empowerment of women in a number of ways. Access to credit and business training has helped women expand and improve their businesses, leading to increased respect and decision-making power in the home and community. Advice and peer support has helped women manage their triple roles as mothers, wives, and businesswomen. Education and experience in leadership have helped women become more confident and capable leaders (Cheston and Kuhn 2002). World Education, which combines education with financial services, found that women were in a stronger position to ensure female children had equal access to food, schooling, and medical care. Women encounter several challenges in life, especially in the family circle where they also have to support their mates in family responsibilities. If she is a widow, she handles these family responsibilities all alone. In handling these challenges successfully, the rural woman finds herself engaging in various enterprises just to support the family and also the ever increasing needs of her customers. The rural areas are the convergence points of people with different needs and demands that have to be satisfied. This involves funds. This has resulted in the establishment of financial institutions offering funds to such women. Such funds, known as 'microfinance' is to help women to either establish their own businesses or expand existing ones.

This study is to investigate the empowerment of rural women through microfinance using Opportunity International Savings& Loans Ltd as a case study.

1.3 Objective of the Study

The general objective of the study is to assess and evaluate the contribution of OISL to the empowerment with particular emphasis on women in the rural of Ashanti region.

Specifically, the work seeks to;

- Identify various microfinance activities offered by OISL
- Determine challenges that rural women face in accessing loans from financial institutions.
- Assess the extent to which micro-finance can be a *tool for poverty alleviation* among rural women.
- Evaluate the impact of loans on their livelihoods.
- Examine and evaluate the monitoring processes implemented by OISL.
- Identify the constraints encountered by the industry and how best they can be resolved.

1.4 Research Questions

The following research questions will guide the study to achieve the stated objectives:

- What types of businesses are financed by MFIs?
- What is the impact of micro finance on the living conditions of beneficiaries?
- Besides cash credits, what other forms of interventions are provided by MFIs?
- What challenges/bottlenecks face micro finance institutions in Ghana?
- How efficiently is microfinance fighting poverty in the lives of rural women?
- What monitoring procedures are in place for beneficiaries?

1.5 Justification of the Study

Global anti-poverty goals can be met 'only by investing in the world's women and girls,' stated UN Secretary General Bin Ki-moon during his recent message for International Women's Day 2008.

All over the world, the significant number of women entering into the workforce over the past three decades has produced profound transformations in the organisation of families, society, and the economy. Most people living on less than one dollar a day are women. Helping women means fighting poverty and promoting gender equality. Microfinance could be the weapon of choice. NGOs have made tremendous contributions to developmental projects in Ghana including the provision of micro finance especially in rural communities particularly women.

In addition to the provision of micro credits to micro enterprises, NGOs and other organizations engaged in micro financing provide additional services such as entrepreneurial and skills development and training, coaching and mentoring.

OISL since it established operated a micro credit scheme for micro entrepreneurs. The scheme has seen a steady progress in terms of reach, coverage and accessibility. This study therefore, offers the opportunity to evaluating the activities of OISL will serve a measure of whether microfinance will lead to empowering women in rural areas or not.

This study is important because;

- ✓ It will enable OISL to draw out strategic management information to better orient themselves to improved financial performance and sustainability. Also will help them to know whether their products and services having a positive impact on women empowerment.

- ✓ To policymakers and stakeholders the study will help them to gain a better sense of direction they need to take and how they collaborate to reach a greater number of people through the design of better products and service, and the promotion and establishment of an environment conducive to the growth of MFI sector.
- ✓ It will bring to light the relevance of MFI in the financial sector of the economy. This will help the GoG and NGOs to ascertain which category of the financial institutions has the potential to reach out the poor especially women in the rural settings.
- ✓ The study will also serve as source of information to students, academia and researchers on similar or related topic as basis for literature review.

1.6 Scope of the study

The study is limited to women in some selected rural areas within Ashanti region. The choice of women is not to create gender inequality but rather women contribute the majority beneficiaries of the microfinance scheme and are the main support of many households.

The main criteria for selecting these women will be that they should be beneficiaries of any of the microfinance activities offered by OISL. Details of such women will be obtained from the bank.

1.7 Organization of study

The study is organized into five main chapters and they are as follows,

Chapter one: Introduction

It covers introduction of the study. This contains the background of the study, statement of the problem, objectives of the study, relevance of the study, scope of the study, organization of the study and the limitation of the study.

Chapter two: Literature Review

This is the core part of this thesis and the prime purpose of this chapter is to provide the reader's insight about the microfinance schemes involved in this work, which is the base of investigation.

Firstly, it provides the general definitions of microfinance and microcredit. Then it provides idea about the core program of microfinance, The review will cover primary literature (such as reports, theses, emails, company reports, some government publications ect.), secondary literature (such as text books, journals, newspapers, thesis ect.) and tertiary literature such as, abstracts, dictionaries citation indexes etc.).

Chapter three: Methodology and Organizational profile

This chapter deals with the methodology and organizational profile of OISL. Which research strategy was employed .This includes questionnaires, interviews, observation and the background, vision, mission, core values products and programs of OISL.

Chapter four: Data Analysis and Interpretation

The chapter shows a presentation of the data collected for the study, the analysis and interpretation of the findings. The chapter gives the overview about the type of statistical ideas which i have implemented to analyze and get information from the answers received.

I tried to present the views of the people through the empirical findings on the impact of microfinance on their lives and their reflection, through tables and diagrams.

Chapter five: Conclusions and Recommendation

This chapter includes summary of finding, conclusions recommendations for MFIs as well as recommendations further studies in Ghana.

1.8 Limitation of the study

The study of the impacts on the intended beneficiaries was limited to only Jacobu, Bekwai, Achinakrom, Bomfa-Adumasa, Kuntanase and Bonwire within Asafo branch were selected due to time, financial and other logistical constraints.

Therefore, there are limitations to the degree of generalization of findings based on the limited sample size used in the study. The duration for the study is too short and as such, the sample size had to be limited.

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CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the theoretical literature of microfinance, its impact on women empowerment and then poverty alleviation. It begins with background and brief history of microfinance followed by some definitions of microfinance method of operation and the key principles of operation

2.1 Background

All over the world, men are often perceived as the financial managers in relationship and in family. Women are to take care of the children and do farm work while men are expected to work outside of the home and manage the money they bring in. *"Most poor people are women and most women are poor."* It is estimated that 70 percent of the world's population living on less than \$1 per day are women (United Nations Expert Group on Women and Finance, 1995). However, it is also true that most low-income women are economically active in some form. Women producers and entrepreneurs are vital economic actors. Though their roles and the value of those roles are often undervalued in society, women need and deserve access to information, financial services, and markets (United Nations Expert Group on Women and Finance, 1995). Therefore, access to credit and other financial services are necessary to provide low-income women with opportunities to increase their incomes and their assets (United Nations Expert Group on Women and Finance, 1995).

However, it has been shown that when women are given money to start their own enterprises, they are much more likely than men to pay off their loans and their profits are more often used for the good of others rather than for immediate gratification men to spend their profits

on consumable goods and are more likely to spend the money on health care and education for their children.

The access to micro-finance services (credit, savings, insurance and pensions) is still highly unequal between men and women. Considerable advances were made in the 1990s in the design of NGO-managed programmes and poverty-targeted banks to increase women's access to small loans and savings facilities. Literature prepared for the Microcredit Summit Campaign presents an extremely attractive vision of increasing numbers of expanding micro-finance programmes which not only give many women access to microfinance services, but also initiate a '*virtuous upward spiral*' of empowerment¹. This optimism about the implicit empowerment potential of credit and savings pervades most donor statements on microfinance. At the same time, microfinance is being promoted as a key poverty alleviation strategy to enable poor women and men to cope with the adverse economic and social impacts of structural adjustment policies and globalization (Mayoux 2001). Nonetheless, the past three decades have witnessed a steady increase in awareness of the need to empower women (Lopez-Claros and Zahidi 2005:1). In particular, micro credit has become widely adopted in the fight against poverty, but also in order to increase the status of women. However, once given the opportunity, clients of microfinance institutes expanded their businesses and increased their incomes.

¹For example in the Declaration at the Micro-credit summit in a section entitled 'Micro-credit: Empowering Poor People to End their Own Poverty' one finds the following: 'empirical evidence has shown that women, as a group, are consistently better in promptness and reliability of repayment. Targeting women as clients of micro-credit programs has also been a very effective method of ensuring that the benefits of increased income accrue to the general welfare of the family, and particularly the children. At the same time, women themselves benefit from the higher status they achieve when they are able to provide new income.' (RESULTS, 1997 p8).

Microfinance programs emerged in the 1970's as social innovators began to offer financial services to the working poor, those who were previously considered unbankable due to their lack of collateral. Their high repayment rates also demonstrated that the poor are capable of transforming their own lives given the chance. Principally, women show higher repayment and saving rates than male clients (Ledgerwood 1999:38)

2.2 Brief History of Microfinance

Microcredit has come a long way. Professor Yunus, Managing Director of Grameen Bank, promoted it in 1970 in Jobra, a village in Chittagong of Bangladesh, and it has spread all over the world. The strength of microcredit lies in its ability to organize idle women into a productive workforce with their proven creditworthiness. It is believed that 25 million people worldwide are now using microcredit to undertake income-generating or self-employment activities; of these, 90% are women. Microcredit has not only made women more productive, it has also empowered them. As a result women are now integrated into socio-economic activities, contributing to family income and decision making and exercising more control over their fertility, which allows them to take better care of their children.

Microfinance was necessary that all programs pass two key tests:

- Show that people can be relied on to repay their loans and
- Show that it is possible to provide financial services to poor people, which are done through market-based enterprises without subsidy.

In the 1974's a new wave of microfinance initiative introduced many new innovations into the sector. Many pioneering enterprises began experimenting with loaning to the poor and underserved in the same year. Beginning in the 1980s a new approach came to work on the assumption that more market-based solutions were required still focusing on income

expansion and poverty reduction but searching for cost-effective alternatives (Ledgerwood 1999) and (Yaron et al 1998).

Local Non Governmental organizations also began to look for a more long-term approach, and at the same time Prof. Mohammed Yunus of Bangladesh who won the 2006 Nobel peace prize led the first lending scheme for landless people. From 1980 onwards, the field of microfinance has grown substantially and most recently, some NGOs have started transforming into formal financial institutions that recognize the need of savings services to clients and also to access market funding sources than rely on donor funds.

2.3 What is Microfinance?

Microfinance is the provision of financial services such as credit (loans), savings, micro-leasing, micro-insurance and payment transfers to economically active poor and low income households to enable them engage in income generating activities or expand/grow their small businesses. Microfinance has evolved as an economic development approach intended to benefit the low income part of a given society (both women and men). According to the World Bank definition, the term refers to 'provision of financial services' (including saving and credit) to 'the poor'. Littlefield *et al* (2003) state "microfinance is a critical contextual factor with strong impact on the achievements of Millennium Development Goals (MDGs).

Schreiner and Colombet (2001, p.339) define microfinance as "the attempt to improve access to small deposits and small loans for poor households neglected by banks". Asian Development Bank (ADB) defines Microfinance as the provision of a broad range of financial services such as deposits, loans, payment services, money transfer and insurance to poor and low-income households and their micro enterprises (ADB 2000). Microfinance is "the provision of financial services to low-income poor and very poor self-employed people" (Otero, 1999, p.8).

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. 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 ². "Microfinance is a key strategy in reaching the MDGs and in building global financial systems that meet the needs of the most poor people."

However, some schools of thought remain skeptical about the role of micro-credit in development. For example, while acknowledging the role micro-credit can play in helping to reduce poverty, Hulme and Mosley (1996) concluded from their research on micro-credit that "most contemporary schemes are less effective than they might be" (1996, p.134). The authors argued that micro-credit is not a panacea for poverty-alleviation and that in some cases the poorest people have been made worse-off. This notwithstanding, microfinance has emerged globally as a leading and effective strategy for poverty reduction with the potential for far-reaching impact in transforming the lives of poor people. It is argued that microfinance can facilitate the achievement of the MDGs as well as national policies that target poverty reduction, empowering women, assisting vulnerable groups, and improving standards of living. As pointed out by the former UN Secretary General Kofi Annan during the launch of the International Year of Micro Credit (2005). "...Sustainable access to microfinance helps alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs." (Kofi Annan, December 2003)."

²Emphases are the author's.

The Canadian International Development Agency (CIDA) defines microfinance as, “the provision of a broad range of financial services to poor, low income households and micro-enterprises usually lacking access to formal financial institutions”³

2.4 Microfinance and Microcredit

In literature, the terms microcredit and microfinance are often used interchangeably, but it is important to highlight the difference between them because both terms are often confused. Sinha (1998, p.2) states “microcredit refers to small loans, whereas microfinance is appropriate where NGOs and MFIs supplement the loans with other financial services (savings, insurance, etc)”. Therefore microcredit is a component of microfinance in that it involves providing credit to the poor, but microfinance also involves additional non-credit financial services such as savings, and payment services (Okiocredit, 2005).

2.5 Clients of Microfinance

Microfinance is at times referred to as 'Women's finance'. Research has shown that women clients of microfinance institutions are more inclined than the men to invest in their family's health and education. Poor women who gain access to microfinance when no other financial services are available to them enhance their status in their communities and in their families (Wellink, 2007).

The microfinance Gateway (CGAP), 2007 reported that the typical microfinance clients are low-income persons who do not have access to formal financial institutions. Microfinance clients are typically self-employed, often household-based entrepreneurs.

³ CIDA and Microfinance: A Poverty Reduction Approach, Policy Branch, October 2002.

In rural areas, they are usually small farmers and others who engage in small income generating activities such as food processing and petty trade. In urban areas, microfinance activities are more diverse and include shopkeepers, service providers, artisans, street vendors, etc.

2.6 Targeting Women

International aid donors, governments, scholars, and other development experts have paid much attention to microfinance as a strategy capable of reaching women and involving them in the development process. The microfinance industry has made great strides toward identifying barriers to women's access to financial services and developing ways to overcome those barriers. A 2001 survey by the Special Unit on Microfinance of the United Nations Capital Development Fund (SUM/UNCDF) of 29 microfinance institutions revealed that approximately 60 percent of these institutions' clients were women. Six of the 29 focused entirely on women. Among the remaining 23 mixed-sex programs, 52 percent of clients were women⁴. The study also showed, however, that those programs offering only individual loans or relatively high minimum loan amounts tended to have lower percentages of women clients. These findings affirm the importance of designing appropriate products for women. According to USAID's annual Microenterprise Results Report for 2000, approximately 70 percent of USAID-supported MFIs' clients were women. Seventy percent of the world's poor are women and they almost always make up the poorest segments of society (Ledgerwood 1999:37). Yet traditionally women have been disadvantaged in access to credit and other financial services.

⁴Rani Deshpanda. Increasing Access and Benefits for Women: Practices and Innovations among Microfinance Institutions—Survey Results (New York: UNCDF, 2001), 3.

Commercial banks often focus on men and formal businesses, neglecting the women who make up a large and growing segment of the informal economy.

Microfinance on the other hand often targets women, in some cases exclusively. Female clients represent eighty-five percent of the poorest microfinance clients reached. Therefore, targeting women borrowers makes sense from a public policy standpoint⁵. The business case for focusing on female clients is substantial, as women clients register higher repayment rates. They also contribute larger portions of their income to household consumption than their male counterparts. There is thus a strong business *and* public policy case for targeting female borrowers.

Women are generally responsible for child-rearing (including education, health, and nutrition) and they often have fewer economic opportunities than men. In virtually every country, women have a higher unemployment rate than men and make up the majority of the informal sector of most economies. Moreover, the female population faces cultural barriers that often restrict them to the home, making it difficult for them to access financial services. Women also have more traditional roles in the economy and may be less able to operate a business outside their homes.

Furthermore, women often have disproportionately large household obligations. Children of women microfinance borrowers also reap the benefits, as there is an increased likelihood of full-time school enrolment and lower drop-out rates. Studies show that new incomes generated from microenterprises are often first invested in children's education, particularly benefiting girls.

⁵Daley-Harris S. 2007. Microcredit Summit Campaign Report 2007.

Households of microfinance clients appear to have better health practices and nutrition than other households. Positive environmental impact is also achievable as microfinance programmes may support green jobs and renewable energy systems.

Microfinance therefore makes a strong contribution to the realisation of the MDGs. Since the 1970's, researchers and policymakers have examined the impact of development on women.

Academics and practitioners have been inspired to address the problems of gender discrimination and it is today accepted that gender, such as class, race, and ethnicity, is a source of inequality (Moghadam 1990:6ff, Lopez-Claros and Zahidi 2005:1). The term refers to the unequal structural relationship between the sexes, linked to the state, the economy, and to other macro- and micro-processes and institutions.

2.7.0 Empowerment

One of the attractions of the microfinance movement is the possibility of a more fundamental “empowering” effect that goes beyond increased economic returns. According to Deshmukh-Ranadive and Murthy (2005:48), the stimulus for empowerment as a process comes when something alters in a person's life that expands spaces. Empowerment refers to increasing the spiritual, political, social and economic strength of individuals, households, societal and communities. Proponents of village banking and similar group-based lending were intrigued by the possibility that success with their groups could help members transform an attitude of “I can't” to “I can.” Empowerment in its broadest sense refers to an individual's or group's increased “power.” In a development context, it refers both to “internal” change within an individual's sense of self and autonomy, and “external” change in social status and basic power relationships in society.

Women Empowerment is defined as the processes by which women take control and ownership of their lives through expansion of their choices. It often involves in developing confidence of the individual in his/her own capacities. It indicates the expression of self-strength, control, self-power, self-reliance, freedom of choice and life of dignity, in accordance with one's values, capable of fighting for one's rights, independence, own decision making, being free, awakening, and capability. (Kabeer, 2001).

Kabeer, quoted in Mosedale (2003, p.2) states that women need empowerment as they are constrained by "the norms, beliefs, customs and values through which societies differentiate between women and men". She also states that empowerment refers to the "process by which those who have been denied the ability to make strategic life choices acquire such an ability", where strategic choices are "critical for people to live the lives they want (such as choice of livelihood, whether and who to marry, whether to have children, etc)" (Kabeer, 1999, p.437). Therefore MFIs cannot empower women directly but can help them through training and awareness-raising to challenge the existing norms, cultures and values which place them at a disadvantage in relation to men, and to help them have greater control over resources and their lives.

By offering poor households access to formal or semi-formal financial services, microfinance has the potential to empower its clients in a variety of ways.

First, income-generating opportunities can provide greater economic security and power to clients. Second, group formation and management can link clients with networks beyond their neighborhood or community. Microfinance programs that target women in particular are thought to have the greatest empowering potential because women are less likely to have had access to financial services and because, in general, they tend to be more marginalized.

Through financial services, women have greater potential to increase their earnings, which fosters *internal* attitudes (self-reliance, self-confidence and self-worth) which can translate into *external* changes (greater bargaining power within the household and leadership in the community). Microfinance services that foster group formation and self-management by women have additional potential to empower women through exposure to new ideas, mutual support, fostering an identity beyond the family and the opportunity to cultivate leadership roles and responsibilities.

Mosedale (2003, p.1) states that if we want to see people empowered it means we currently see them as being disempowered, disadvantaged by the way power relations shape their choices, opportunities and well-being.

Littlefield *et al* (2003, p.4) state that access to MFIs can empower women to become more confident, more assertive, more likely to take part in family and community decisions and better able to confront gender inequities. However, they also state that just because women are clients of MFIs does not mean they will automatically become empowered.

Hulme and Mosley (1996, p.128) also make this point when they refer to the “naivety of the belief that every loan made to a woman contributes to the strengthening of the economic and social position of women”. However, with careful planning and design women’s position in the household and community can indeed be improved. According to Littlefield *et al* (2003), the Women’s Empowerment Program in Nepal found that 68% of its members were making decisions on buying and selling property, sending their daughters to school and planning their family, all decisions that in the past were made by husbands. They refer to studies in Ghana and Bolivia, which indicated that women involved in microfinance projects, had increased self-confidence and had an improved status in the community.

Hulme and Mosley (1996) state that microfinance projects can reduce the isolation of women as when they come together in groups they have an opportunity to share information and discuss ideas and develop a bond that wasn't there previously. From studies of the Grameen Bank and BRAC they show that clients of these programmes suffered from significantly fewer beatings from their husbands than 18 Increased income, improved women's lives, control over fertility, sustainable environment, decreased mortality, decreased morbidity and increased nutritional status (Chowdhury and Bhuiya, 2004, p.377). Empowerment is relevant at the individual and collective level, and can be economic, social, or political.

Microfinance programmes have significant potential for contributing to women's economic, social and political empowerment. Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing 'virtuous spirals' of empowerment (see fig 1). Women can use savings and credit for economic activity, thus increasing incomes and assets and control over these incomes and assets.

2.7.1 Economic Empowerment:

Women's access to savings and credit gives them a greater economic role in decision-making through their decision about savings and credit (see Figure 1). When women control decisions regarding credit and savings, 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. This economic contribution may increase their role in economic decision making in the household, leading to greater wellbeing for women and children as well as men. Their increased economic role may lead to change in gender roles and increased status within households and communities.

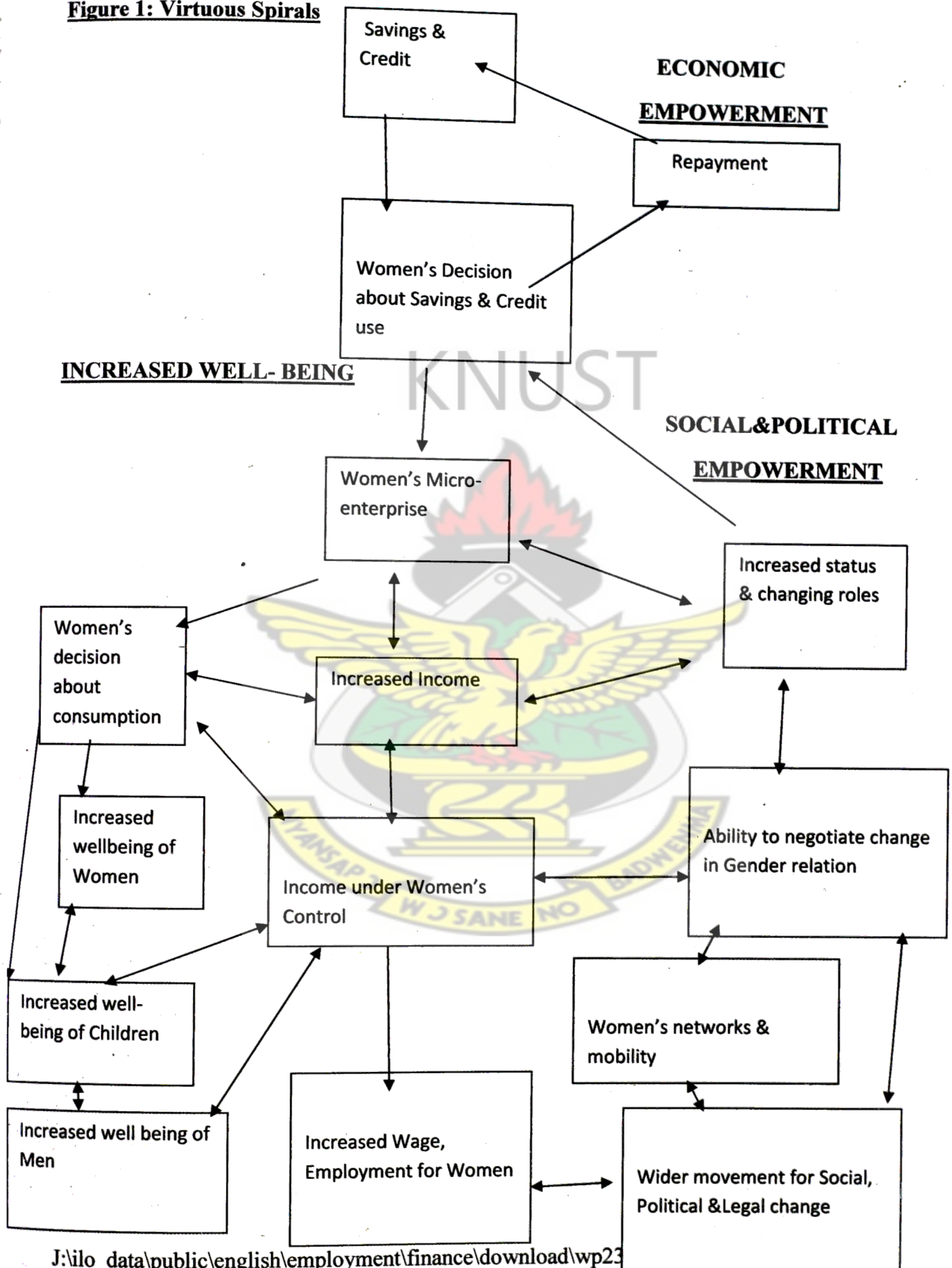
2.7.2 Increased well-being:

Access to savings and credit facilities and women's decision about what is being done with savings and credit strengthens women's say in economic decisions of the household (Figure 1). 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. Other welfare interventions are advocated in addition to micro finance, 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.

2.7.3 Social and political empowerment:

A combination of women's increased economic activity and control over income resulting from access to micro-finance with improved women's skills, mobility, access to knowledge and support networks (Figure 1). Status within the community is also enhanced. 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 1: Virtuous Spirals



2.8 Rural

Rural relate to outside city found in or living in the country (Encarta Dictionary)

2.9 Microfinance and Poverty Alleviation

In the year 2000, the United Nations drew up a list of Millennium Goals which aim to spur globalization and development and eradicate extreme poverty. According to the World Bank's (1980) definition of poverty, "A condition of life so characterized by malnutrition, illiteracy, and disease as to be beneath any reasonable definition of human decency". Extreme poverty is defined as those living on less than \$1 a day (Simanowitz and Walter 2002:15).

The UN Resolution adopted by the General Assembly states, "We will spare no effort to free our fellow men, women, and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected" The seven Millennium Goals are as follows:

- eradicate extreme poverty and hunger
- achieve universal primary education
- promote gender equality and empower women
- reduce child mortality
- improve maternal health,
- combat HIV/AIDS, malaria, and other diseases, and
- ensure environmental sustainability.

Murdoch and Barbara Haley, leading experts in the study of microfinance and its effect on poverty alleviation, were authorized to determine the impact that microfinance has on the realization of the seven Millennium Goals.

In an extensive research paper entitled *Microfinance and Its Effect of Poverty Alleviation*, Murdoch and Haley conclude that “there is ample evidence to support the positive impact of microfinance on poverty reduction as it relates to [the first six of the seven] Millennium Goals” If microfinance can expedite the attainment of six of the Millennium Goals, it can be used as a valuable means to eradicate poverty. In fact, microfinance has been proven again and again to be an effective method of poverty alleviation (Murdoch and Haley 2002:5). Clients who participate in microfinance have enjoyed increased household income, better nutrition and health, the opportunity to achieve higher education, a decrease in vulnerability to economic shock, greater empowerment, and in some cases, the ability to completely lift themselves and their families out of poverty.

2.10 Characteristics of Microfinance

Microfinance gives access to financial and non-financial services to low-income people, who wish to access money for starting or developing an income generation activity. The individual loans and savings of the poor clients are small. Microfinance came into being from the appreciation that micro-entrepreneurs and some poorer clients can be ‘bankable’, that is, they can repay, both the principal and interest, on time and also make savings, provided financial services are tailored to suit their needs. Microfinance as a discipline has created financial products and services that together have enabled low-income people to become clients of a banking intermediary. The characteristics of microfinance products include: ⁶

- Little amounts of loans and savings.
- Short- terms loan (usually up to the term of one year).

⁶Murray, U. and Boros, R. (2002), “*A Guide to Gender Sensitive Microfinance*”, The Socio-Economic and Gender Analysis (SEAGA) Programme, FAO, pp. 10-11

- Payment schedules attribute frequent installments (or frequent deposits).
- Installments made up from both principal and interest, which amortized in course of time.
- Higher interest rates on credit (higher than commercial bank rates but lower than loan-shark rates), which reflect the labor-intensive work associated with making small loans and allowing the microfinance intermediary to become sustainable over time.
- Easy entrance to the microfinance intermediary saves the time and money of the client and permits the intermediary to have a better idea about the clients' financial and social status.
- Application procedures are simple.
- Short processing periods (between the completion of the application and the disbursement of the loan).
- The clients who pay on time become eligible for repeat loans with higher amounts.

The use of tapered interest rates (decreasing interest rates over several loan cycles) as an incentive to repay on time. Large size loans are less costly to the MFI, so some lenders provide large size loans on relatively lower rates. No collateral is required contrary to formal banking practices. Instead of collateral, microfinance intermediaries use alternative methods, like, the assessments of clients' repayment potential by running cash flow analyses, which is based on the stream of cash flows, generated by the activities for which loans are taken.

2.11 Microfinance in Ghana

The concept of microfinance is not new in Ghana. Traditionally people have saved with and taken small loans from individuals and groups within the context of self help to start businesses or farming ventures. Available evidence suggests that the first Credit Union in Africa was established in Northern Ghana in 1995 by Canadian Catholic Missionaries.

Susu, which is one of the current microfinance methodologies, is thought to have originated in Nigeria and spread to Ghana in the early 1990s. Microfinance has gone through four (4) distinct phases worldwide of which Ghana is no exception. These stages are described below:

Phase One: The provision of subsidized credit by Governments starting in the 1950's when it was assumed that the lack of money was the ultimate hindrance to the elimination of poverty.

Phase Two: Involved the provision of micro credit mainly through NGOs to the poor in the 1960's and 1970's. During this period sustainability and financial self – sufficiency were still not considered important.

Phase Three: In the 1990's the formalization of Microfinance Institutions (MFIs) began.

Phase Four: Since the mid 1990's the commercialization of MFIs has gained importance with the mainstreaming of microfinance and its institutions into the financial sector.

In Ghana, the term microfinance is understood as a sub-sector of the financial sector, comprising most different financial institutions which use a particular financial method to reach the poor. Microfinance sector in Ghana comprises of the following⁷:

- formal suppliers such as savings and loans companies, rural and community banks as well as some development and commercial banks.
- Semi-formal suppliers such as credit unions, financial non-governmental organizations (FNGOs) and cooperatives.
- Informal suppliers such as susu collectors and clubs rotating and accumulating savings and credit associations (ROSCAs and ASCAs), traders, moneylenders and other individuals.

⁷ Ghana Microfinance Policy Document

2.12 The Need for microfinance in Ghana

The main goal of Ghana's Growth and Poverty Reduction Strategy (GPRS) is to ensure "sustainable equitable growth, accelerated poverty reduction and the protection of the vulnerable and excluded within a decentralized, democratic environment". The intention is to eliminate widespread poverty and growing income inequality, especially among the productive poor who constitute the majority of the working population. According to the 2000 Population and Housing Census, 80% of the working population is found in the private informal sector. This group is characterized by lack of access to credit, which constrains the development and growth of that sector of the economy.

The observation was stressed in the International Monetary Fund Country report on Ghana of May 2003 that "weaknesses in the financial sector that restrict financing opportunities for productive private investment are a particular impediment to business expansion in Ghana." Microfinance perceived as a financially sustainable instrument meant to reach significant number of poor people of which most are not able to access financial services because of the lack of strong retailing financial intermediaries. Access to financial services is imperative for the development of the informal sector and also helps to mop up excess liquidity through savings that can be made available as investment capital for national development (World Bank-Africa Region, 1999). Microfinance as a sector has the potential to reduce poverty by bringing a significant improvement in the lives of the active poor who are largely women.

2.13 Some Achievement of Microfinance in Ghana

- Provision of Working Capital: The introduction of microfinance in the country has made it possible for operators of small business to access credit facilities which hitherto were difficult to access due to difficult modalities by the formal financial

institutions. Even though the amount involved are modest not huge, it supports their business to some extent.

- **Provision of Employment:** Microfinance provides people with capital to start and or expand their businesses. Small businesses with microfinance support have grown into medium enterprises creating employment opportunities for others.
- **Capacity Building:** Microfinance projects and programmes have gone a long way in building the capacity of clients in the areas of loan management customer care, pricing, marketing and selling on credit as well as on social and community issues.
- **Community Development:** It has helped some communities to provide certain social amenities like portable water which enhances community development.

2.14 .1 Challenges facing Microfinance in Ghana

Generally, since the beginning of government involvement in microfinance in the 1950s, the sub-sector has operated without specific policy guidelines and goals. This partially accounts for the slow growth of the sub-sector, and the apparent lack of direction, fragmentation and lack of coordination. There has so far not been a coherent approach to dealing with the constraints facing the sub-sector. Among the constraints are inappropriate institutional arrangements, poor regulatory environment, inadequate capacities, lack of coordination and collaboration, poor institutional linkages, no specific set of criteria developed to categorize beneficiaries, channeling of funds by MDAs, lack of linkages between formal and informal financial institutions, inadequate skills and professionalism, and inadequate capital. Better coordination and collaboration among key stakeholders including the development partners, government and other agencies, could help to better integrate microfinance with the development of the overall financial sector. Secondly, traditional commercial banking approaches to microfinance delivery often do not work. According to traditional commercial

banking principles, the credit methodology requires documentary evidence, long-standing bank-customer relationship and collateral, which most micro and small businesses do not possess. The commercial banking system, which has about twenty-three (23) major banks, reaches only about 5% of households and captures 40% of money supply. Therefore there is room for expanding the microfinance sector in Ghana.

For example, Barclays Bank of Ghana (BBG) Ltd launched a micro-banking scheme in December 2005 which establishes a formal link between modern finance and susu (one of Africa's most ancient forms of banking) collection in an unconventional mobile initiative across the country. The scheme aims to extend microfinance to some of the least affluent in Ghana, like the small trader at the market or the micro-entrepreneur selling from road-side stalls. Though their individual income is apparently too small for 'high street' banking, collectively it estimated at about a \$150 million economy thriving below the traditional banking radar. Ghana's 4,000-strong Susu Collectors offer basic banking to the needy. For a small fee they personally gather the income of their clients and return it at the end of each month, providing greater security for their client's money. In addition, with finance from Barclays the susu collectors are able to provide their clients with loans, helping them to establish or develop their business. In the words of the CEO of BBG Margaret Mwanakatwe, *"What we are doing is somewhat unique. Not only are we creating an account for Susu Collectors to deposit their funds, we are also providing them with loans of their own, which they can 'lend-on' to their customers, helping them build their capital. In the process, we are laying the building blocks for a truly financially inclusive society. Currently, over three quarters of Ghanaian society may not have access to high street banking. We are also providing capacity building training to Susu Collectors to make sure that they do their credit risk correctly and any training needs they may need".*

2.14.2 Specific challenges facing the industry⁸

Institutional Arrangements⁹

The stakeholders in the sub-sector play various roles which are expected to be complementary. Due to the lack of defined areas of operation, the roles and responsibilities of stakeholders currently overlap in some cases. The overlap is also due partly to the fact that organizational and institutional hierarchy and reporting relationships among all the stakeholders are not clearly defined. Commercial banks could play an increasing role. There is the need therefore to clearly define relationships and roles to enhance effective implementation and delivery of services.

Capacity Building and Funding for the Sector

In order to promote the sub-sector, the various stakeholders organize training programmes and activities with the view to upgrading the human capital in the industry. Nevertheless, the staffing and competency level being achieved with these training programmes is still below what is desired. Thus, the human capacity of some key stakeholders and institutions including MASLOC, GHAMFIN, MFIs, relevant Ministries, and technical service providers etc needs to be enhanced for microfinance operations. The random and incoherent nature of training programmes has also probably hampered the achievements of the projected gains for the sub-sector, as the flaw in the human capacity of all the stakeholders may have had a rippling effect on the governance and structure of the industry.

⁸ Draw on some of the issues discussed in the Ghana Microfinance Policy (GHAMP).

⁹ The section also benefited from an earlier paper, "Rural and Microfinance Regulation in Ghana: Implications for Development and Performance of the Industry" – William F. Steel and David O. Andah This paper was presented at the International Conference on Ghana at the Half Century, July 2004.

Furthermore, the current microfinance Apex bodies lack an adequate cadre of in-house trainers and/or facilitators as well as in-house monitoring and evaluation units to continually measure progress of their activities consistently over time. Infrastructural capacity in the sub-sector is yet to be developed around an integrated and holistic logistical support and internal operating systems. Funding for the sub-sector has been from three sources: the institutions themselves, government, and development partners. Firstly, available funds have not fully met the needs for developing and expanding the sub-sector; and, secondly, the varying sources come with their conditions, and distort the market in some cases. There is considered to be a need for a central microfinance fund to which MFIs can apply for on-lending and/or capacity building support, building on experience such as the Training Fund under the Rural Financial Services Project.

Credit Delivery and Management

The current strategies for credit delivery are not adequately diversified or efficient, and therefore are unable to fully meet the varying demands of the market and different categories of end-users. There is no framework for categorizing and upgrading some of the emerging microfinance institutions in the semi-formal and informal sub-sectors in accordance with their operational capacities and capabilities. The objective of microfinance is to provide resources for the poor. Nonetheless, there is yet to be adequate, reliable and acceptable methods for classifying various poverty levels to enhance the categorization of potential and actual MFI clients and other forms of support that may be more appropriate for some groups.

Targeting the Vulnerable and the Marginalized

People with disabilities and impairments do not have products and services designed to meet their needs and also are not adequately served by existing microfinance funds and services. This target group in particular could benefit from complementary skills training programmes.

The existing skills training and funding arrangements for women do not seem to be market-driven. Thus, specific services and products that target women for entrepreneurship development to enable them engage in economic activities and become more self-reliant need to be more coherent. Young people aged 15-24 years account for about a third of the population of Ghana and constitute over half of the unemployed population. There is a need for special microfinance, grant and training programmes that target the youth for entrepreneurial development

Data/Information Gathering and Dissemination

Generally, there is paucity of information on microfinance institutions, their operations and clients in the country. Approaches to and methodology for data and information gathering at the national level are not uniform, making it difficult to centrally monitor progress of the sub-sector. The current attempt to develop a national data bank on microfinance is yet to be fully realized. There is a lack of well defined reporting system by both the government and development partners with regards to their interventions.

The outcome is inadequate data base for decision-making and planning. At the institutional level, data/information gathering and dissemination are weak within and between institutions. The lack of common benchmarks, methods for measuring and information sharing further inhibits the performance of the sub-sector. Lack of adequate and reliable information on outreach in terms of its depth and breadth remains one of the most daunting in the sub-sector. This lack of information has affected targeting of clients and ultimate poverty reduction.

Regulation and Supervision

There is a need for dialogue on the formulation, implementation and review of regulatory and supervisory policies and procedures to ensure consistency and cost-effective approaches to

regulation across different types of microfinance institutions and products. There is a need to balance permitting continued evolution of a variety of institutions providing microfinance products and services with the need to protect depositors' funds, provide adequate information and protection to consumers, and coordinate expansion and regulation of different segments of the market.

Microfinance institutions in this category face rigid regulatory and supervisory systems that present some challenges for product innovativeness, outreach and ultimately the performance of the institutions. There is a lack of well specified guidelines for operations among apex bodies namely, CUA, GCSCA, ASSFIN and Cooperative Council. This leads to uncoordinated activities and invariably hampers the performance and outreach of their member institutions.

Collaboration and Coordination

Currently, there is no formal body that is responsible for coordinating all activities associated with microfinance, nor is there a forum for dialogue among stakeholders on policy and programme issues¹⁰. As a result there is lack of coherent approach, fragmentation, duplication and inadequate collaboration between and among MDAs, MMDAs, development partners, service providers, practitioners and end users.

In this regard, the role of GHAMFIN as an umbrella body for microfinance apex institutions, as well as their member institutions, needs to be strengthened to ensure the transfer of best practices and setting of standards for the industry. The existing institutional structure does not include all practitioners and service providers, and needs to be addressed.

¹⁰ GHAMFIN is playing this role presently, but needs to be given some formal clout

2.15 Prospect of Microfinance in Ghana

- ✦ If truly microfinance is to succeed in providing financial assistances to the poor on a large scale, further contributions are desperately needed. This is not only an issue of financing. Regulators and governments, in particular, need to develop legal and regulatory frameworks for microfinance, consumer protection, and financial infrastructure. Also prudential supervisors can contribute to the growth of microfinance by defining clear criteria for microfinance institutions. This pertains in particular to institutions that wish to take deposits from the public or expand their services. (Wellink, 2007).
- ✦ Nazirwan (2006) reiterated that the microfinance sector has changed radically and will continue to develop over the next several years as there are millions of poor people especially women demand the financial services for livelihoods to ensure the success of microfinance, the micro finance industry must move from credit oriented to variety of products and services such as deposits, investment, money transfer and foreign exchange transactions.
- ✦ The introduction of ICT in MFIs will go a long way to improve on the quality of MFIs product and services. Like mobile banking, smart cards with fingerprint, use of photos, networking with banks and postal banks for money transfer credit bureaus. Such innovative ICT services will attract more customers and enhance the image of MFIs.
- ✦ Broad market perspective: to provide a range of financial service to eligible unbanked members of the country and ultimately even attract clients away from banks by offering better and more efficient service include self-employed micro entrepreneurs and salaries workers in the various sectors.

- ✦ To provide financial service enable the poor to increase and diversity incomers, build human social and economic assets and improve their lives in ways that reflect the multidimensional aspects of poverty.
- ✦ Development of national data bank carried throughout the whole MFIs
- ✦ Establishment of central microfinance fund to provide on-lending and or capacity building support.
- ✦ Wider range of product and service: The MFIs offering a range by credit product for various loan products for salaries employees, a home improvement loan, air ticket loan etc.



CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter discusses methods that were used in collecting data for the study and the profile of OISL. It covers population, sample size and sampling techniques, data collection Instruments used for data processing and data analysis. The target group of this work as earlier stated was rural women of OISL. This MFI was selected for study because about 92% of their client are women and mostly in the rural areas.

3.1 Sample size and sample Techniques

OISL has 17 branches throughout Ghana with 3 of them located in Ashanti region. The study focused on 1 of the 3 branches in Ashanti region; thus Asafo branch having the highest clients in the rural area.

The total population of active borrowers in all 17 branches of OISL is 55,235. The selected branch in Ashanti region has a total of 5399 active borrowers of which 5021 are women. Out of these 5021 women client 4469 are in the rural communities. Since all 4469 clients could not be surveyed, a sample size of 223 which is approximately 5% of 4469 was used. However, due to financial and time constraints, a sample size of 185 was used.

Respondents were selected randomly for interview. As a way of ensuring the randomness of the selection, the researcher selected Friday which is the day on which training programs are organized for clients at the organization's premises. Again the researcher went with loan officers which go to the field for repayment form these clients once every week.

3.2 Data Collection Instruments

Questionnaires were the main instrument used to gain in depth understanding from, clients, management and staff of OISL. The administering of the questionnaires involved a personal interview with the women, because of the entrepreneurs are illiterate, it was necessary for the researcher to explain the content of the questionnaires to them and help them filling Open-ended questions and as well as some multiple-choice and dichotomous questions were used to collect information from the respondents. Questions were very specific with a fixed range of answers. The questionnaire had multiple-choice questions in which the researcher provided a choice of answers and respondents were asked to select one or more of the alternatives, dichotomous questions that had only two response alternatives, yes or no and open-ended questions to find out what is uppermost in the mind of the respondents.

3.3 Ethical Permission

However, before the interview and administration of the questionnaires to the members was carried out, ethical permission or consent of the beneficiaries was granted to the researcher. This was in order to have free and cordial relationship with them and also make them confident in answering questions without hiding information.

3.4 Sources of Data

Although the result of the research is highly dependent on the primary obtained from the field, but it also required some secondary sources to understand the concepts, definitions, theories and empirical results. The researcher has used several books, research literatures, articles, journals and thesis, as secondary sources for the study. Internet sources were also used as a secondary source for the study.

3.5 Data Analysis

Diagrammatic representations of the statistical of the results were presented in the form of bar chart, line graph pie chart and tables. Computer data analysis software such as Statistical Package for the Social Scientists Software (Windows SPSS) and other relevant software such as Microsoft Excel were employed to analyse the data in order to interpret result.

3.6. PROFILE OF OPPORTUNITY INTERNATIONAL SAVING & LOANS (OISL)

Background

Opportunity International has been a microfinance industry leader in Ghana since 1994. Opportunity is a member of the Opportunity International Network- a global coalition of organizations dedicated to providing opportunities to people in less developed countries. The Network has forty seven (47) partners around the world and ninety two percent (92%) of their clients are women. In 2004, Opportunity International converted part of its operation to a regulated savings-and-loans company, adopting the name Opportunity International Savings and Loan (OISL). By converting to a microfinance bank, OISL is poised to become the largest provider of microfinance in Ghana, serving 500,000 poor families a year by 2015.

◆ Vision

The bank's vision is to see the lives of micro and small entrepreneurs transformed through a partnership in which they serve their with customer focused financial and transformational services.

◆ **Mission**

Bank is to serve micro and small entrepreneurs with small loans, deposits, and other financial services to enable them to increase income and help transform their lives while earning appropriate returns for their shareholders.

◆ **Core Values**

- Respect
- Integrity
- Commitment to the poor
- Stewardship

◆ **Triple Bottom Line**

Opportunity International Savings & Loans Limited is dedicated and committed to providing the highest level of financial products and services to our clients – with an unwavering focus on the poorest of the economically active poor. Our performance and success will be measured against a non-negotiable triple bottom line of:

- Outreach:** commitment to reaching the greatest possible number of the economically marginalized (especially women), both in urban and rural areas in Ghana.
- Sustainability:** to provide highly valued, quality financial services to their clients, which ensure an appropriate return to their shareholders.
- Transformation:** to provide opportunities for those living in poverty to improve their lives economically, socially and spiritually.

◆ Products & Services

OISL provide a comprehensive and growing set of core microfinance banking products and services, and activities as follows:

a) Lending Services

To lift people from poverty and improve their standards of living, OISL offer group or “Trust Bank” loans (without collateral) and individual lending products (without collateral, but 1 or 2 guarantors), which provides short term working capital, and medium and long term financing to small and medium scale micro enterprises. Again OISL offer micro school loans which is short-term school loan facilities granted to individual owners, as well as companies operating schools for working capital and capital investments.

b) Saving Services

These provide a saving facility for small amounts that would otherwise be too small to save in a commercial bank thus assisting in the build-up of capital for the individual and at the same creating a pool of funds for onward lending to those in need. The bank offer savings account, current account, fixed term deposit and susu deposit.

◆ Other Services

a) Micro insurance

Clients are covered with credit life and Property. For the case of Credit Life, the borrower's family and members of group will not be asked to pay for the borrower's outstanding debt when he/she dies. For the case of Property Insurance, the borrower will not pay his/her outstanding debt when struck with fire, flood and other natural disaster. The recent outbreak of fire in many markets is making life very unbearable for people who do not have insurance policy.

b) Western Union Money Transfer

OISL in partnership with Western Union Financial Services (with Ecobank as the local Representative) receive funds from Western Union agents around the globe for payments to identified beneficiaries in Ghana.

c) Value Added Service

As part of OISL to achieve their mission of providing financial, business developmental and transformational services to our valued clients, Opportunity Ghana continues to explore innovative ways of delivering value added services. In August OISL sought and received funding from Opportunity UK for delivery of basic professional business and livelihood training to our clients. This training is being delivered by the National Board of Small Scale Industries (NBSSI.) The National Board for Small Scale Industries (NBSSI) Ghana specializes in delivery of professional training to Ghanaian small and medium scale entrepreneurs. Again, OISL in conjunction with its non-profit arm, Opportunity International Development Foundation (OIDF) organised a Book Fair for Private Schools last Friday, 27th February, 2009 on the premises of African Advance College in Ashaiman. The Book Fair was organized courtesy of Opportunity International's partnership with Books for Africa, a US-based non-profit organisation which donated more than 30,000 books to Opportunity International for distribution to its private school clients serving low-income communities to encourage a culture of reading. Also the officers offer advices on children's education and sometimes go to the extent of helping to resolve complex marital problems of their clients.

OISL gives training to its clients in the following areas:

- Small business loan management
- Costing and pricing business products and services

- Basic business records keeping
- Maintaining consistent customer care
- Importance of savings
- Working capital management
- Livelihood empowerment

Monitoring and Supervisory

Loan officers after disbursement of loans visit each client at least once in every loan cycle to ensure that the loans are used for the purpose(s) for which they were given and offer timely advice where necessary. Monitoring has been helpful in promoting a good officer/client relationship and hence repayments.



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CHAPTER FOUR

DATA ANALYSIS

This chapter provides empirical findings gleaned from the data collected .The chapter is in two (2) sections, analysis of response from clients and that of the bank. It provides information of respondents and statistical analysis of information collected. This is followed by interpretation and discussion about the research findings.

4.1.0 DATA ANALYSIS OF THE WOMEN CLENTS

Table 1. Age distribution of respondents

AGE DISTRIBUTION	FREQUENCY	PERCENTAGE
Less than 25 years	10	5.0
Between 25- 45 years	128	69.0
Above 45 years	47	26.0
Total	185	100.0

Source: Author's Compilation, 2009

Figure 2. Age distribution of respondents

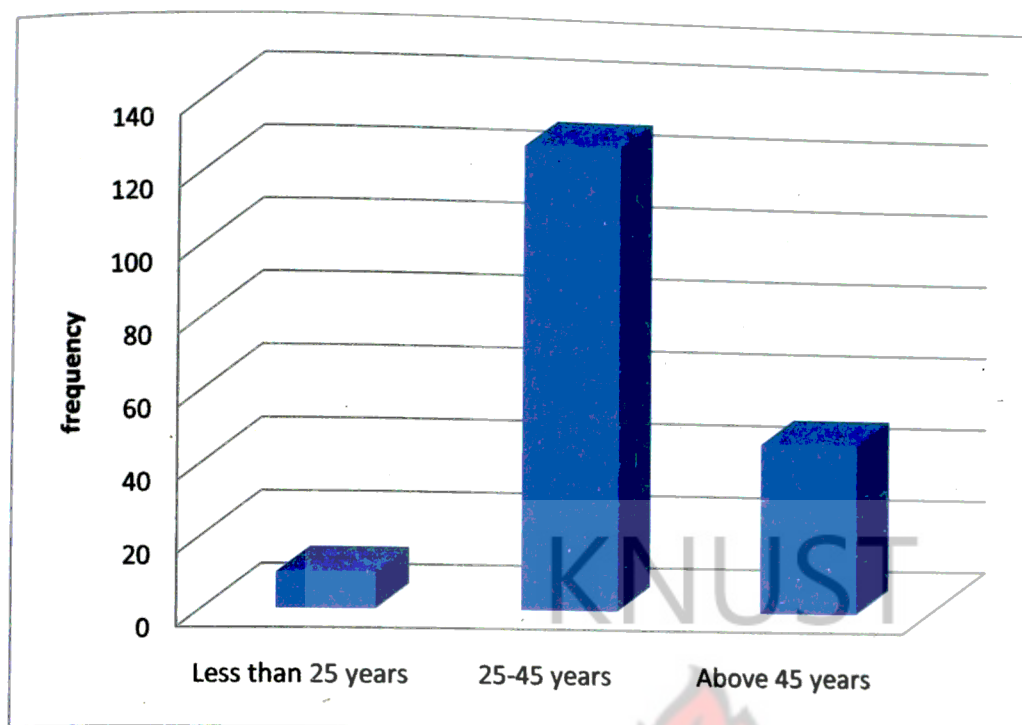


Figure 2 above shows the age distributions of all respondents interviewed. It is observed that majority of the respondents are between 25-45 years, which represent 69%. This is made up of very economically active persons with the former comprising of young adults who are beginning to take full control of their responsibilities and the latter made of full adults. 26% of the respondents were above 45 years. The least age distribution captured was less than 25 which is also represented by 5%. This category of respondents is made up mostly of young people who may have just completed Junior (JSS) and/or Secondary (SSS) education and are waiting to continue their education or are unable to climb further on the educational ladder or might have dropped out of school entirely.

Table 2. Marital Status and Number of Dependents

Marital Status	Number of Dependents
Single	1-3
Married	2-6

Source: Author's Compilation, 2009

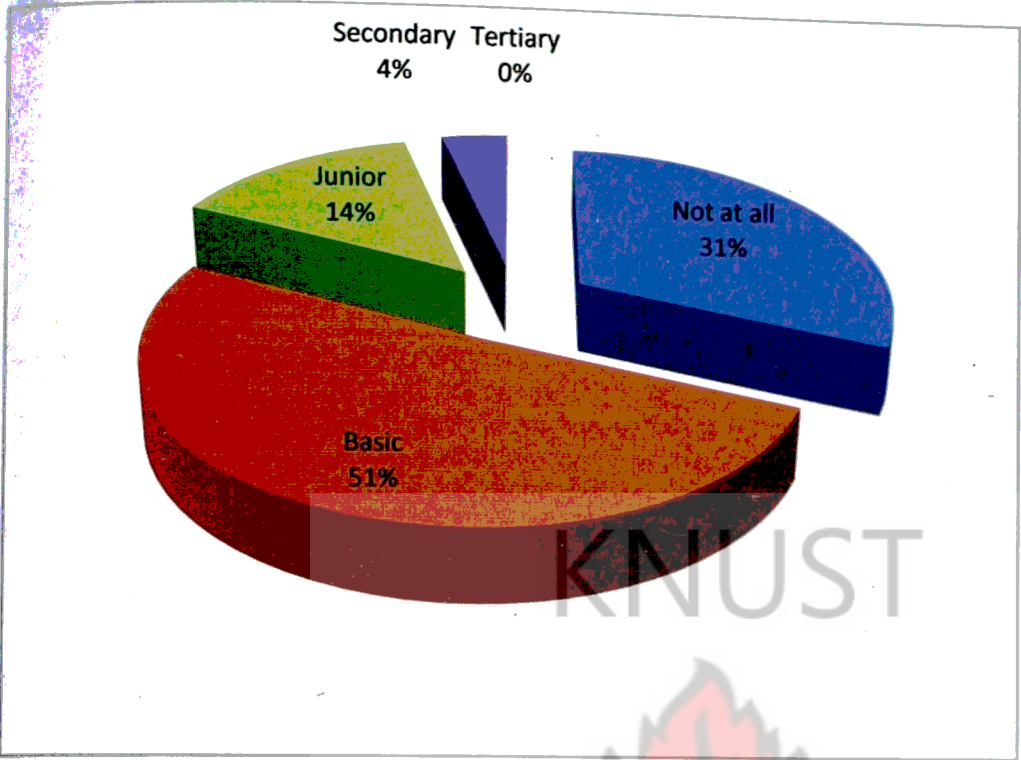
Considering the data in table 2 which show a summary of the data on the marital status and the number of dependents of the women interviewed, it can be inferred that for , the single women had dependents ranging from one to three, while that for the married women was from two to six.. Averagely, majority of the women had dependents above three. With three children then in the situation where the woman is married the family size is five in number and if the woman is single then the number reduces by one. Therefore as the number of dependents increases, then the family size also increases and consequently family responsibilities in terms of education, accommodation, clothing and other responsibilities also increases. Weightier responsibility implies more finances. Hence the urgent need for reliable financial support.

Table 3. Educational level of respondents

EDUCATIONAL LEVEL	FREQUENCY	PERCENTAGE
Not at all	57	31.0
Basic	95	51.0
Junior	26	14.0
Secondary	7	4.0
Tertiary	0	0.0
Total	185	100.0

Source: Author's Compilation, 2009

Figure 3. Educational levels of respondents



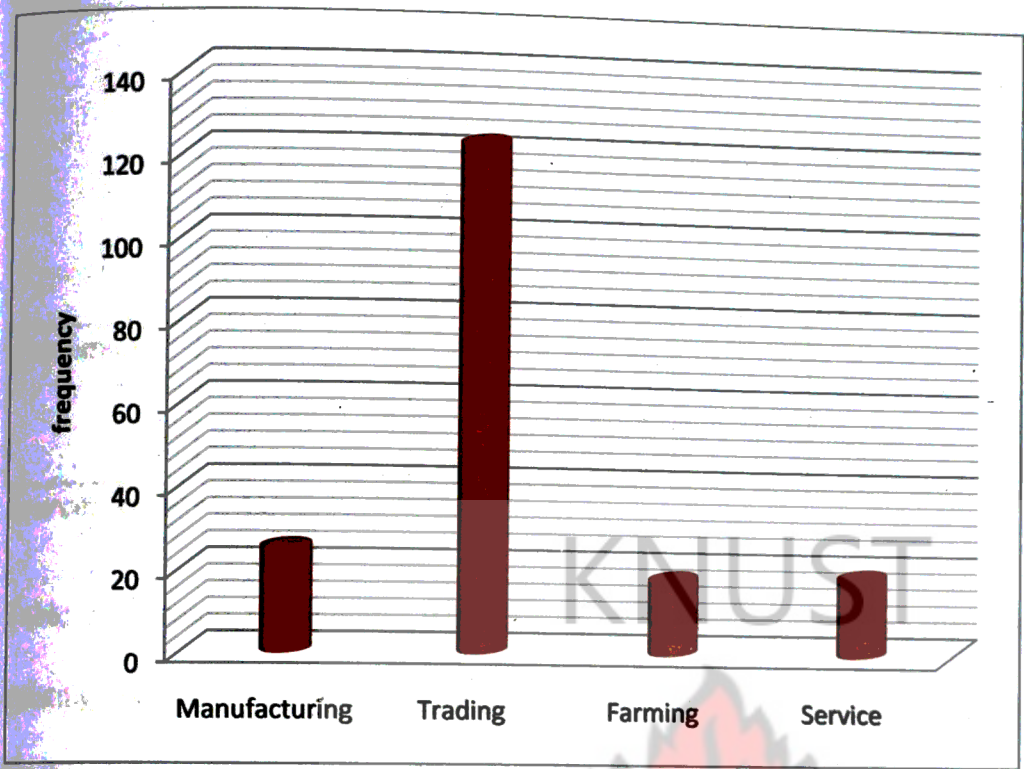
With respect to the educational levels of respondents, it is observed from the figure 3 above that none of the respondents interviewed had had a tertiary education. Majority of the respondents have basic education as their highest educational background and this is represented by 51%. Most of the respondents, represented by 31% have no education. 14% of them had junior education and few respondents had secondary education represented by only 4%.

Table 4. Business activities engaged by respondents

ACTIVITY	FREQUENCY	PERCENTAGE
Manufacturing	25	14.0
Trading	123	66.0
Farming	18	9.6
Service	19	10.4
total	185	100.0

Source: Author's Compilation, 2009

Figure 4. Business activities engaged by respondents



It was observed from the analysis that the most or major business activity engaged by respondents in the study area is trading representing 66%. Few people thus 20% are engaged in farming and servicing. We can therefore deduce from the analysis that people from the study area are traders.

Table 5. Purpose of Loan

Measuring Group	Frequency
To established new business	0
To expand existing business	185

Source: Author’s Compilation, 2009

Table.6 Number of times loan have been accessed from OISL

	NUMBER OF TIMES				
	Once	Twice	Three	Four	Above four
Frequency	4	9	29	24	119

Source: Author's Compilation, 2009

Table 5 revealed that all the women that were interviewed used the loan to expand their existing businesses. All the women indicated that the loans were used to purchase more goods for their businesses.

Table 6 also revealed that out of the 185 women interviewed, (total number of women) a total of 4 people were obtaining microfinance for the first time. 9 were obtaining the loan for the second time, 29 for the third time, 24 for the fourth time and 119 for more than four times. This statistics emphasizes how microfinance is gaining prominence among the women.

4.1.1 Loan Access

Procedures for loan access at OISL are as follows:

- Completion of a standardized application form
- Assessment and evaluation of business potential
- Training

OISL's loan access requirements are not very stringent as pertain at commercial banks. For example OISL does not require physical collateral before giving out loans.

Clients are however required to make a down payment of 15% of the applied amount as an initial deposit. Clients find this as normal practice and don't seem to be bothered.

In spite of this however, clients still have concerns with some issues relating to loan access. Key issues mentioned by respondents as being problems with loan access from OISL include Application procedures, delays at the offices of OISL, high interest rates and others.

Table 7. Problems Related to Loan Access

Problem	Frequency	Percentage
Application procedures	57	31
Delays	43	23
Interest rates	48	26
Collateral	0	0
Others	37	20
Total	185	100

Source: Author's Compilation, 2009

31% of respondents think OISL's loan application procedures should be reviewed. Specifically, they want the evaluation process to be simplified and shortened. Currently, the procedure is for a specialist to visit the project site at least on two occasions before a final interview with the applicant.

For 23% of respondents, the problem with loan access at OISL is the long delays experienced while processing the loans. According to OISL it takes an application for a loan from OISL between 4 and 6 weeks before disbursement.

High interest rate is the problem for 26% of respondents. Interest rates on loans from OISL range from 3 % per month to 3.5% per month. This translates to about between 36% and 42% p.a.

It is significant to note that 0% attribute loan access problems to collateral requirements. This is because as mentioned earlier, OISL does not require physical collateral before disbursing loans to its clients. It can be said that security for OISL's loan could be obtained from the following:

- Group collateral in the form of peer pressure from group members,
- Clients are required to have at least 6 months working experience,
- Guarantors are required,
- 15% of applied loan paid as initial deposit,
- Close and regular monitoring of clients' activities,
- Clients agree to be trained in business and financial management,
- All loans are short-term; up to one year,
- Short periods of installment payment (daily, weekly and monthly),
- Advise letters are issued explaining the terms of the credit to clients before disbursement.

These measures help to ensure that though OISL requires no physical collateral, its loans are secured and recovery is very high. Other problems indicated by respondents include long training sessions. The entire training program lasts for about 6 weeks whilst each training session lasts for about 3 hours.

Table. 8 Difficulties in Paying Loans

Difficulties	Frequency	Percentage
Yes	60	32.4
No	125	67.6
Total	185	100

Source: Author's Compilation, 2009

Only 32.4% (60/185) of respondents has ever had difficulties in paying their loans from OISL.

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4.1. 2 Reasons for payment difficulties

Respondents attribute reasons for the difficulties experienced in the payment of their loans as follows:

- ◆ Poor Farm Yields – 13.3% (8/ 60)
- ◆ Poor Trading Returns – 41.7 (25/60),
- ◆ Long Traveling Times to OISL's Offices to make payment - 20% (12/60)
- ◆ Processes and Procedures at Offices of OISL- 11.7% (7/60)
- ◆ Others (short amortization period) - 13.3% (8/60)

Though OISL has identified some reasons attributed by clients for their inability to pay loans on some occasions, the organization has not compiled and analyzed such data. According to the head of credits at OISL, the following are some of the reasons given by clients who default in paying loans.

- ◆ Slow down in business activities
- ◆ Extraneous factors such as sickness, etc
- ◆ Payment of wards' school fees

- ◆ Failure by clients' debtors to honor obligations
- ◆ Eviction by government agents such as district, municipal and metropolitan assemblies from the places of business which negatively affects their businesses

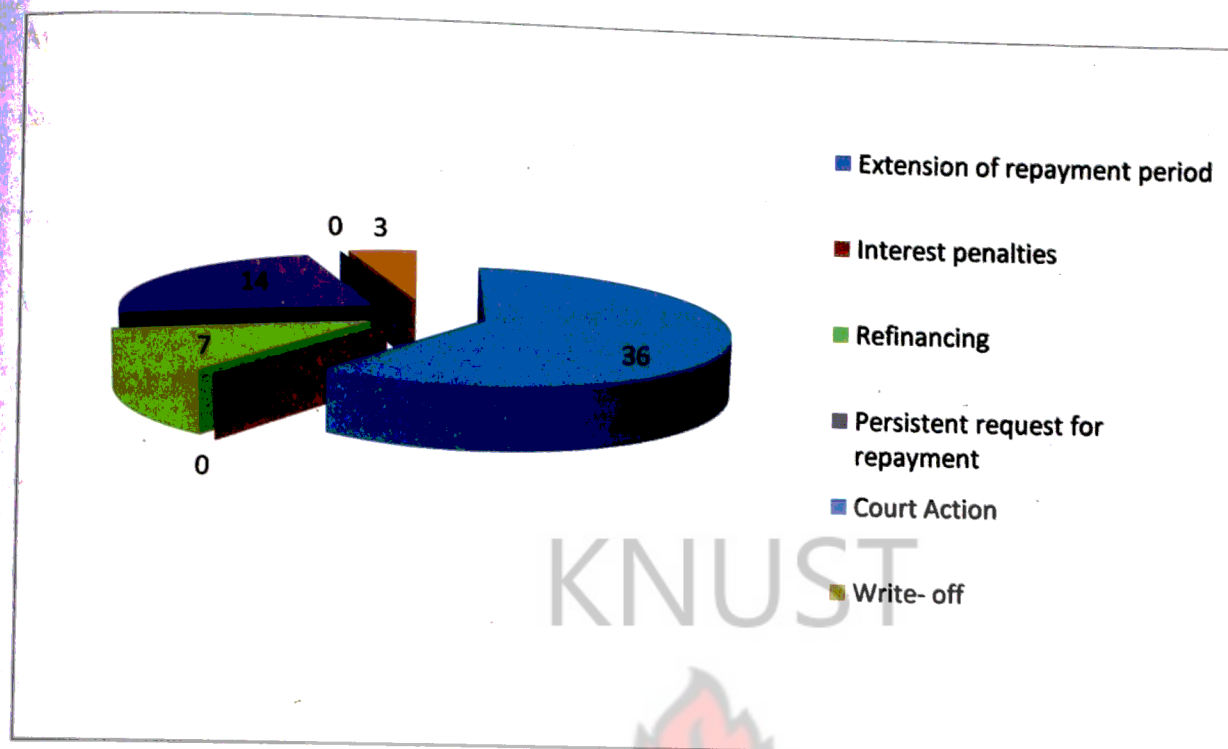
Actions Taken By OISL

Table 9. Action taken by MFI when client default in loan payment

Action	Frequency	Percentage
Extension of repayment period	36	60.0
Interest penalties	0	0.0
Refinancing	7	12.0
Persistent request for repayment	14	23.0
Court Action	0	0.0
Write-offs	3	5.0
Total	60	100.0

Source: Author's Fieldwork, 2009

Figure 5. Action taken by MFI when clients default in loan payment



Form table 9 and figure 5 show that, survey of beneficiary clients indicates that no court action and interest penalties has been taken against clients, however, it must be said that this remains one of the measures which the organization sometimes employ to recover from defaulting clients. Normally, the organization will issue demand notices to defaulting customers on three occasions after which guarantors of the loan will be called in to pay up. In the event where the guarantors are unable to pay the outstanding amount and no alternative arrangements agreed on the organization will take a court action to retrieve the amount. This has been done on several occasions.

Where OISL has taken no action, clients themselves have been able to overcome the challenges. For instance, cases such as problems with traveling time, processes and procedures at the offices OISL, etc require no specific action(s) by the organization.

4.1.3 Non Financial Assistancess obtain from OISL

Apart from the financial (cash) benefits that clients obtain from OISL, they also obtain non-cash benefits in the form of training and business advice. These covers the following areas:

Financial management, Costumer Care, Marketing Strategies, Inventory Management, Credit Management, Savings mobilization, records keeping, Leadership training and Investment Opportunities.

Table 4.10 gives examples of training services business advice provided by OISL and how clients perceive these services.

Table 10.Non Financial Assistancess

Training/Business advice	Frequency	Percentage
Financial management	45	24.3
Customer Care	55	29.7
Marketing Strategies	15	8.1
Credit Management	20	10.8
Savings mobilization	29	15.7
Inventory Management	2	1.1
Records keeping	7	3.8
Leadership training	5	2.7
Investment Opportunities	7	3.8
Total	185	100

Source: Author's Compilation, 2009

The study tried to find out how the beneficiaries perceive these non financial assistances programs and the relative importance that they attach to them. 24.3%of respondents regard

Financial Management training as very important and relevant to their businesses. 29.7% of respondents regard training in Customer Care as important and relevant to them. 8.1% view training in Marketing Strategies as important. 10.8% regard Credit Management, 15.7% in Savings mobilization. The remaining 27.1% of the respondents view Inventory Management, Records keeping, Leadership training and Investment Opportunities as very important. Respondents are very satisfied with training programs and think that these have made significant impacts on their businesses even though some of them find the timing and mode of delivery very inconvenient.

It is not surprising that less than 1.1% of respondents rank Inventory Management training as important to their businesses because, these are micro enterprises and they do not tend to hold large stocks of raw materials or finished products.

4.1.4 Microfinance and Poverty Alleviation

The study tried to find out how the beneficiaries perceive microfinance loans to be an important contributor towards alleviation of poverty especially among rural women.

Respondents also were asked how they perceive. 78.9% (123/185) of respondents said yes, meaning that microfinance loans are a tool for poverty alleviation among rural women. In explaining they indicated loans from microfinance lifts poor out of poverty, leads to women empowerment, better nutrition, increase income and higher school attendance.

15.7% (29/185) of the respondents said no because they perceive microfinance does not reach the poorest of the poor thus loan officers often discriminate against very poor borrowers and instead favor the richer poor who can afford to take out larger loans.

Microfinance create a heavy debt for some poor families thus businesses in the rural areas are subject to a great number of obstacles; for example, lack of adequate infrastructure, inability to access supplies needed for a business, difficulties with money management due to

improper schooling and lack of training or skill, and a special vulnerability to crises such as a death in the family or a medical emergency. The remaining percentage could not decide.

4.1.5 Impacts of loans on the lives of the Women

The impact of microfinance on the lives of these women can be measuring concerning their standards of living before and after loans they obtained. This invariable will determine whether microfinance is empowering the lives of these women or not. Table 11 below gives a summary of the data obtained while (figure 6) the bar chart gives a pictorial representation.

Table 11 Impact of Microfinance on the lives of the rural women

Impact	Frequency	Percentage
Yes	149	80.5
No	22	11.9
Cannot Determine	14	7.6

Figure 6. Bar chart showing the impact of Microfinance on the lives of the rural women

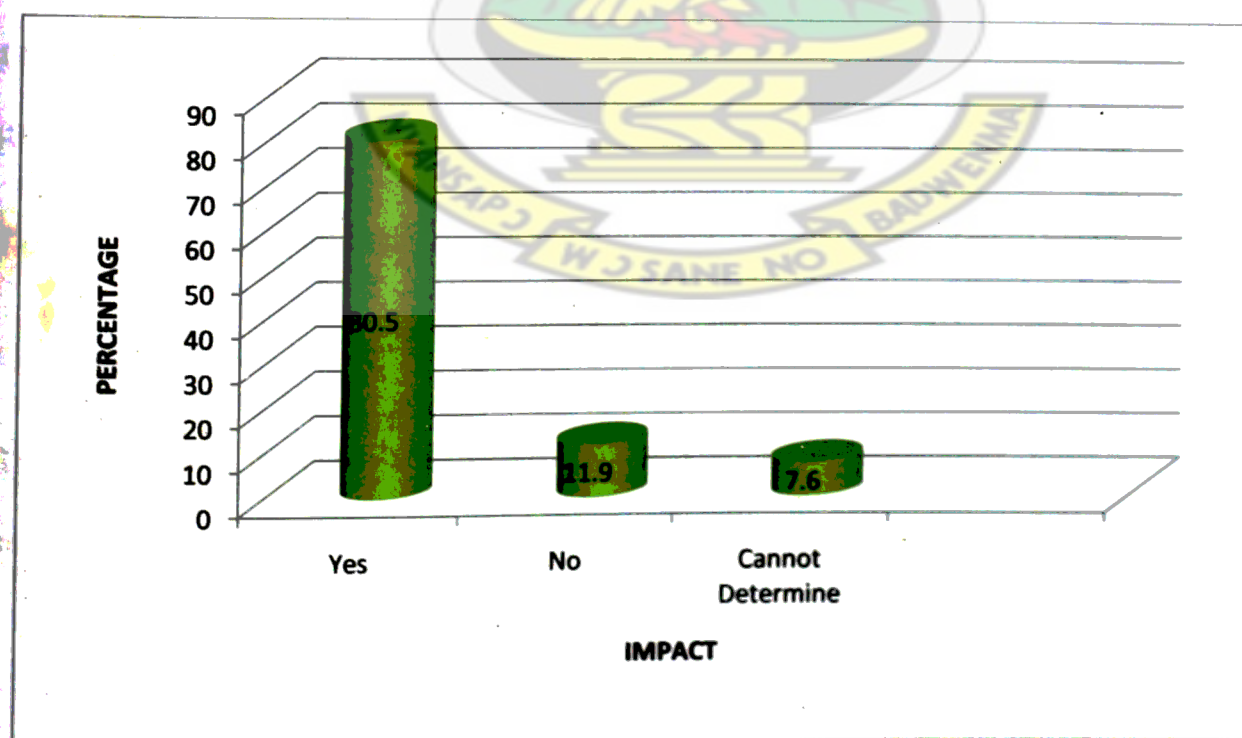


Table 11 above indicates that 80.5% of the women from OISL can testify to the fact that microfinance has had an impact on their lives. In explaining they indicated that due the loan they obtained they have been able to expand their businesses, have obtained more customers, increased their income, get better education for their children, get better access to healthcare, increase their assets, improvement in decision -making role, increased self-confidence, have become more respectable both within the family circle and in the society. 11.9 %of the respondents also agreed that microfinance has maintained them in business, they have observed a change yet they cannot attribute their change in living standard to microfinance. Therefore to such ones microfinance has not had any significant impact on their lives. The contribution from microfinance on their lives is insignificant. 7.6%% of the women could not determine any change at all apart from only being in business. From figure 6 it can be deduced that more than half of the women can determine how microfinance is really having an impact on their lives. This implies that the figure is too strong to provide a convincing statement that really microfinance is having an impact on the lives of the rural women.

4.2 .0 ANALYSIS FROM OPPORTUNITY INTERNATIONAL SAVINGS &LOANS LTD (OISL)

The main respondents were supervisors and officers in the credit department of the bank.

4.2.1Microfinance

The operation of the bank includes savings, current accounts operations, loans under which microfinance is considered and western union money transfer.

4.2.2 Reason for Microfinance

The bank entered into microfinance primarily to assist the active poor especially women who do not have the requisite requirements such as collaterals; that will qualify them for normal loans offered by financial institutions. Also the bank chose this form of banking in order to increase its clientele base. The banks hope to bring financial help to the doorstep of every one. However, the ultimate goal of the bank in adopting this method of banking is to earn appropriate returns for their shareholders.

4.2.3 Criteria for loan qualification

The main criteria for loan qualification is that, the applicant from rural communities should belong to a group and those from the urban not necessary should belong be to a group. Also must be in a business for at least six months and should be able to make the initial deposit required. In addition the applicant must have undertaken between four to six week orientation before disbursement offered by the bank on the effective use of the loan so as to ensure early payment and also reduce financial stress.

4.2.4 Training/Monitoring

The bank offer pre-training of four weeks to all its loan applicants under the microfinance scheme. The aim is to equip the clients with the requisite knowledge and skills to manage their trust bank groups, their businesses, households and communities in order to obtain positive results. The bank therefore continually uses adult education methodology to provide them with business and financial management training. Loan Officers continue to provide orientation and basic group leadership training to clients. The bank also conducts post-training. These training take the form of visit to the business sites of the clients. The main purpose is to personally experience or witness some of the challenges or opportunities that the women

normally encounter in their businesses especially after they have been granted the loans. This offers the officers the opportunity to discuss business better with these women and then encourage them. The post training also serves as a monitoring process for the banks. The monitoring process has strengthened the officer/client relationship.

4.2.5 Achievements

The clients have from the rural communities have be empowered to open account so that loan will be disbursed into the account ,which at first the officers have to go to field with the money and disbursed to them. Hence his method too has encourages them to save.

In terms of achievements, the banks indicated that increase in the number of applicants for the microfinance loans shows that more women have confidence in them. The ratio in percentage terms of women to men beneficiaries was 8% .This means that the probability of women benefiting from the microfinance scheme compared to their men counterpart is high. The officers attributed this to the fact that women are more business inclined than the men are and women have a higher repayment record than men. Once the loan is repaid, the applicant stands the chance of applying for more loans and this time for higher amounts.

4.2.6 Constraints

The major constraints and problems that OISL and the industry as a whole face include the following:

- ***Macro Economic Factors***

The operations of OISL and indeed most MFIs have been affected adversely by the unfavorable economic environment. High inflationary rates, relative instability of the local currency and high interest rates all combined to affect operational and financial sustainability.

- **Competition**

Though the micro finance industry is relatively young, there has been a tremendous upsurge in the number of MFIs including Savings and Loans Companies, NGOs that offer micro finance services and 'susu' clubs and associations.

There has been, quite a number of fraud cases in the industry and this adds to the challenges of an MFI to be able to position itself well so as to win the trust and confidence of clients. For instance, OISL has experienced some cases of fraud and corruption involving both its staff and clients in the following branches Kumasi, Accra and Techiman.

- **Lack of logistics**

Although, the bank has a greater percentage of its clients in the rural communities, but the officers mentioned the bank inability to reach people in very remote places. The Ashanti region is expanding rapidly. In order to assess the microfinance loan, all applicants need to approach the banks personally in order to apply. Before loans are approved credit officers need to inspect the business and if the business site is located remote, lack of logistics prevents the officers from doing their work. Therefore, many a time such applicants are denied their loans or the loans are delayed.

- **Technology**

MFIs face serious technological constraints in their operations. Most depend on manual data processing and need to computerize. However, the cost of computerization is huge and this invariably affects the operational cost of the institutions.

- ***High Cost***

Providing financial services to the poor people are quite expensive especially in relation to size of the transaction involve. Loans officers visit the client home or place of work evaluate credit worthiness on the base of interviews' the client families and reference (i.e. customers, community leaders). In many cases they make fellow ups to reinenforce the repayment culture. Infrastructures, communication and technology problem increases the transaction cost for both lenders and borrowers. Rural areas face high cost due to the dispersed clients and poor infrastructures. The supply of credit is further constrained by the cost of investing in efficient enhanced technology and necessity of trained clientele also increases the cost.

- ***The problem of dealing with Illiterate clients***

The microfinance industry deals with the very poor in the society and this class of people semi literate and illiterates. These are mostly market women, traders, artisans, taxi drivers etc. These groups of people usually are associated with poor management practices and high delinquency rates.

These small businesses are characterized with little or no records of the transactions in their businesses, making information gathering very difficult for anybody appraising their facilities. Most of the weakness indentified in the appraisal report of the credit section is lack of adequate records keeping. Customers either keep scanty records or no records at all.

Financial information upon which decisions can be taken is lacking in the industry and most businesses cannot be seen to be doing well because they lack historical data. The lack of information on MFIs and their clientele, sometimes there is asymmetrical information between the lenders and borrowers.

- ***Ineffective legal remedies for microfinance companies***

When clients default on their facilities, the microfinance companies after trying hard to recover their indebtedness to avail, have the only option to seek legal remedies to collect or take charge of the properties used as securities. The police see a default case as a civil case and can do little to help the MFI's in recovery. The courts are characterized with long and time wasting legal process and MFI's quite often do not obtain judgments that enables them realise value for assets used as security.

The recent introduction of the commercial courts in Accra for prosecuting defaulters has a long way help in the reduction of the default rates among the commercial banks and some MFI's in the Greater Accra region. The hope of MFIs is that there will be the introduction of a commercial court in all the regions that will ensure that defaulters face the full rigours of the law and those judgments are dispensed quickly.



CHAPTER FIVE

5.0 SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

This chapter presents a general summary of the principal findings as discussed in the previous chapter, recommendations and conclusions.

5.1 Summary Of Findings

The findings have shown that institutional credit programmes such as the one by OISL have had a significant impact on rural women empowerment. The members of the credit schemes have gained more assets, better education for children, more say in household decision making and community ect. The facts are that, women need finances in order to cater for the needs and that of their families especially their children. They also expressed concern about the high interest rates that are charged on the loans. Coupled with the short re-payment period of six months, puts too much stress on them. In addition application procedures, delays and others (long training session) by the bank are also another source of worry. Microfinance has also assisted the women to be creditworthy and also to be in business. Non financial assistances form an important component of OISL's interventions. These come mainly in the form of training and business advisory services and clients regard these services as very important and useful. Some of respondents perceive microfinance as not a tool to alleviate poverty because it creates debt on some poor families and the "very poor" within the rural communities are neglected.

In the case of the bank the essential points are that microfinance has fostered a stronger officer/client relationship. The increasing number of clients indicated that microfinance is achieving its intended purpose of empowering women and alleviating poverty. The challenge cited by the bank was dealing with Illiterate clients. These groups are characterized with little or no records of the transactions in their businesses, making information gathering very difficult for anybody appraising their facilities.

Lack of adequate logistics has prevented the bank from extending its scope to cover majority of the rural women. The bank also admitted holding pre- and post loan training for the women. The pre-training is in the form of lectures while post training is in the form of visits.

5.2 Recommendations

- **Government intervention**

The government should also provide the enabling environment for the development and growth of the micro finance sector. The introduction of more microfinance institutions will create stiffer competition in the microfinance industry. This competition will lead to more flexible yet attractive microfinance products, therefore in order to maintain their existing client banks will have to reduce their interest rates, the major obstacle to clients.

This may be done in two key areas:

- ❖ Ensuring the right economic environment that will ensure that MFIs operate sustainably.
- ❖ A strict regulatory, monitoring and supervisory role of the Bank of Ghana (BoG) to bring sanity to the sector and ensure that it develops.

- **Capacity Development for the Micro finance sector**

The micro finance sector itself needs be strengthened and supported to effectively play their roles as financial intermediaries.

Players in the sector must engage qualified, experienced, honest and morally upright board members and employees to serve them. These steps must also be augmented through the implementation of good management information systems and staff development programs. MFIs should also design innovative and attractive products to enable them mobilize deposits from their clients and thereby remain in competition.

- **Training programs**

OISL should repackage its training program to make it more acceptable to clients. *'They should make the training sessions shorter and if possible increase the one-on-one sessions'.*

This view was echoed by many of the respondents.

- **Long-term loans**

OISL and other MFIs should introduce medium and long term loan facilities to enable clients expand and grow their businesses. *'We want "Opportunity" to stop collecting the money on weekly and monthly bases. It does not allow us enough time to use the money to make profits'.* This is how most of the respondent expressed their frustration at having to make frequent payments. Clients will want to take advantage of seasons such as Christmas to turn the loans several times over and maximize their profits before paying back. They are unable to do this when they have to make payment within short periods.

Interest rates of 3% - 3.5% per month are too high for OISL's poor clients. OISL should consider reducing the rates to allow clients retain part of their profits. Once the interest rate is reduced, the amount be repaid weekly will be reduced. This in turn will reduce the stress the women face when meeting the weekly repayment obligation

There is also the need for OISL to extend their services to cover women in the remotest parts. More branches can be opened in the communities of these women to offer easy access and also to ensure effective monitoring and supervision.

The bank also needs to design more flexible microfinance packages for business starters. There are several women out of business and will need finance in order to survive and to trade. They may have the idea about the kind of business they wish to engage in but lack of finance cannot

help that dream to materialise. Such ones are cut off under the current microfinance schemes. Therefore microfinance institutions should extend their scope to cover all such ones. The repayments period needs also to be considered. Beneficiaries qualify for another loan package only after they have repaid their loans. Therefore the banks can spread repayment over a longer period of possibly a year so as to allow for flexible payment.

5.3 Scope for further research

The current study was based on small sample size taken from only few villages in Ashanti region of Ghana. Therefore, the results cannot be generalized to other regions of Ghana especially in the analytical terms. Further research done on a bigger scale with large sample size could shed light on how microfinance activities affect the average living standard of poor people of Ghana, analytically.

The current study did not consider the supply gap of MFIs. Actually, to what extent the MFIs are capable to deliver their service to the poor people.

Further research could be conducted in this area and for finding the reasons for the gap between demand and supply in terms of microfinance services.

5.4 Conclusion

The goal of this research was to study the impact of microfinance on rural women empowerment. The impacts of OISL on micro enterprises are tremendous. All of OISL's clients are micro enterprises operating in the following sectors; trade, food industry, manufacturing, agric-business and services. The chunk of OISL's loans goes to the trade sector (66%) and the least (9.6%) goes to the agric-business sector. OISL's clientele include food sellers, bakers, restaurants, vegetable growers, livestock owners, tailors, designers, shoe makers, furniture makers, plastics and leather bag makers, retailers of agricultural and industrial products. The analysis of data, demonstrated that almost 69% clients of women are

between the age of 25-45 years and most of them just had basic education. Most of the women take loan from OISL to expand their existing business. They were able to increase their income and provided not only with the financial help to their families but also had positive impact on other factors of daily life. These women brought about a positive change to their financial and social situation and started taking active part in the decision making process of the family and society. The results obtained from the analysis regarding the success of increasing role in decision making process in the family, reveals that microfinance schemes are highly associated to build up of social and economic empowerment.

In addition, the analysis of the data obtained in this study indicates that client face problem in accessing loan from OISL which includes application procedures interest rates and others. The study has revealed that OISL's micro finance interventions have made significant impacts in the following areas:

- Access to improved Healthcare
- Improvement of standard of living of family
- Better education for children
- Better social life in community
- Increment in income and employment

Microfinance is becoming popular day by day among the poor people. All the respondents can get loan from MFIs without any collateral. The study also established the conception about non financial assistance of OISL that affect positively to run the business successfully. This is also one of the reasons of micro-credit scheme being popular. On the other hand some of the respondents perceived that microfinance has neglected the "very poor" in the society and create debt on some poor families.

From the study and research, i have come to the conclusions that there is a noticeable and positive impact of microfinance activities on the empowerment of rural women and poverty alleviation among the poor people in the rural communities.

If one can help, a poor person to stand on his own that cannot only bring about a revolution in their lives but also in the society. The financial institutions need to expand their scope to cover the women in the remotest part of the country." The opening of more branches in these remote areas will not only offer jobs to the communities but also improve its monitoring and supervision of its loan beneficiaries. The role of government cannot be overlooked. Government must ensure that the legislations, policies and procedures necessary for the operation of these financial institutions are in place to avoid unnecessary exploitation of the poor by some microfinance institutions.

The dream of a healthy and educated society with no discrimination and biased can be achieved through this simple thought, the dream which seems to be coming true and becoming practical. The simple vision of one man, Muhammad Yunus has taken the shape of the revolution and has shown the ray of hope in the path of life to every human, irrespective of his background or status or position. The hope of a life that no one will sleep hungry, no one will die due to lack of medication, our children can read and write on their own and everyone will be the pillar of the society.

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Appendix.I

QUESTIONNAIRE FOR CLIENTS

Hello, my name is Mavis Boakyewaa and I am a MBA student of Business school, KNUST.

My masters' research work is to look into, *The impact of Microfinance on Empowerment*

Rural Women. My research question is on how OISL schemes have contribute towards empowerment, especially for rural women. I would deeply appreciate your filling out this questionnaire to help me make vital analyses.

Your privacy would be protected. You do not need to write your name or contact. Only the general results, conclusions and recommendations drawn from these analyses would be included in the final report and not the individual papers.

1. Your age is between

Less than 25 years ☐ 25-45 years ☐ above 45 years ☐

2. Marital Status

Married ☐ Single ☐ Window ☐ Divorce ☐

3. What is your educational level?

Not at all ☐ basic ☐ junior ☐ secondary ☐ tertiary ☐

4. Number of dependents

Less than 2 ☐ (2-5) ☐ 5+ ☐

5. What kind of business activity are you engaged in?

Manufacturing ☐ Trading ☐ Farming ☐ Service ☐

6. Do you have access to credit?

No ☐ Yes ☐

7. If, what was the purpose for the loan?

To establish a business ☐ to expand existing business ☐ others ☐

Please specify

8. For how long have you been a client of this lender?

Less than 2 year ☐ 2-5 years ☐ above 5years ☐

9. How many times have you been granted a loan by this lender?

Once ☐ Twice ☐ Thrice ☐ More than four times ☐

10. Did you have any problems paying back?

Yes ☐ No ☐

11. If yes what were the cause(s) for such difficulty?

.....

.....

.....

12. What help (if any) did you receive from OISL when you were in such difficulty?

Refinancing ☐ Extension in repayment time ☐ Write-off ☐

Others, Please specify.....

13. What problems did you encounter while accessing

credit?.....
.....

14. Apart from financial assistance, what other form of assistance do you obtain from

IOSL?.....
.....
.....

15. Would you like to obtain another loan?

Yes ☐

No ☐

16. If no, Why?

.....
.....

17. Do you perceive microfinance loans to be an important contributor towards alleviation of poverty especially among rural women?

Yes ☐ No ☐ Cannot determine ☐

Please explain your answer

.....

.....

.....

18. Has this loan helped to empower you?

Yes ☐ No ☐ Cannot determine ☐

If yes or no please explain your answer

Thank you for your time and patience in answering these questions.

Appendix. II

QUESTIONNAIRE FOR THE BANK

Hello, my name is Mavis Boakyewaa and I am a MBA student of Business school, KNUST.

My masters' research work is to look into *The Impact of Microfinance on Empowerment of Rural Women*. My research question is on how OISL schemes have contribute towards empowerment, especially for rural women. I would deeply appreciate your filling out this questionnaire to help me make vital analyses.

Your privacy would be protected. You do not need to write your name or contact. Only the general results, conclusions and recommendations drawn from these analyses would be included in the final report and not the individual papers.

1. Position held

2. Years of service

(1-3) ☐ (3-5) ☐ 5+ ☐

3. Is the bank engaged in any form of microfinance?

Yes ☐ No ☐

4. Why did the bank choose this form of banking?

.....

.....

5. What are the products or services do you render to your clients? Please list them

- a.....
- b.....
- c.....
- d.....

6. Mention the criteria for loan qualification

.....

.....

7. Do you offer any training to your clients as to how best they can utilize the loan?

Yes ☐ No ☐

8. What is the ratio of beneficiaries in terms of men to women?

0-15% ☐ 15-25% ☐ 25 and above ☐

9. Do you have any monitoring process in place for monitoring the beneficiaries both after receiving the loan and after repayment?

Yes ☐ No ☐

10. How effective are these monitoring process?

.....

.....

11. What are the achievements?

.....

.....

12. What are the constraints faced by the organization?

.....

.....

13. How has your microfinance scheme empowered in the beneficiaries?

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Thank you for your time and patience in answering these questions.

