

**MICROFINANCE AND WOMEN EMPOWERMENT: A CASE STUDY OF
ATWIMA KWANWOMA RURAL BANK LTD.**

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DECLARATION

I hereby make a declaration that this submission is my own work towards the CEMBA and to the best of my knowledge, it contains neither material previously published by another person nor material which has been accepted for the award of any other degree of the University or elsewhere, except where due acknowledgement has been made in the text.

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ABSTRACT

Microfinance is provision of small amounts of institutional loans to low income people who could not access loans from formal sector finance firms. Major objective of extending the loans is to alleviate poverty by creating jobs and incomes. While reducing poverty, microfinance services are supposed to build asset bases of their clients to manage and cope up with risks. Microfinance programmes are also expected to empower women clients by improving their decision-making roles and self-esteem, among others. However, whether microfinance programmes are bringing about desired changes is debatable. In addition, some argue that microfinance has been pushing the low income people further into poverty. Many rural banks and non-bank institutions have implemented several microfinance schemes over the last two decades. The thesis, Microfinance and women empowerment, a case study of Atwima Kwanwoma Rural Bank Ltd .was aimed at assessing how their microfinance has been able to socially and economically empower women clients. Data was collected using both qualitative and quantitative methods of data collection. Specific methods applied included the focus group discussion and administration of structured questionnaires and the interviews. Data was analysed using such statistical tools as MS Excel, where frequency distribution tables, bar graphs and pie charts were used in presenting the data collected. Data analysis revealed a considerable number of women as beneficiaries who have either been given start-up capital or have boosted their capital to enhance various forms of farm and non-farm activities. There was a marginal increase in the levels of income. However, there was a marked improvement in the social empowerment in the participation of women in the decision making process within their households.

There was also an improvement in the self esteem and level of confidence of beneficiaries.

It is recommended that Within AKRB and for that matter MFIs, gender issues need to become not only part of their mission statement but also of their social intermediation packages. MFIs will need to widen their training packages beyond loan management. They will also need to customize their delivery mechanisms, such as in the loan cycle, loan terms, lending methods, loan management, loan performance monitoring, and investing in policy issues that help safeguard gender equality.



DEDICATION

To my parents, Mr. Lord Kue-Duke and Mrs. Evelyn Kue-Duke and my senior brother Gershon Kue-Duke and more especially to my wife Mrs. Zeinab Afriyie Kue-Duke and my children Ivy Mawuena and Eugene Delali for their sacrifice, patience, love encouragement and support through this level of my education.

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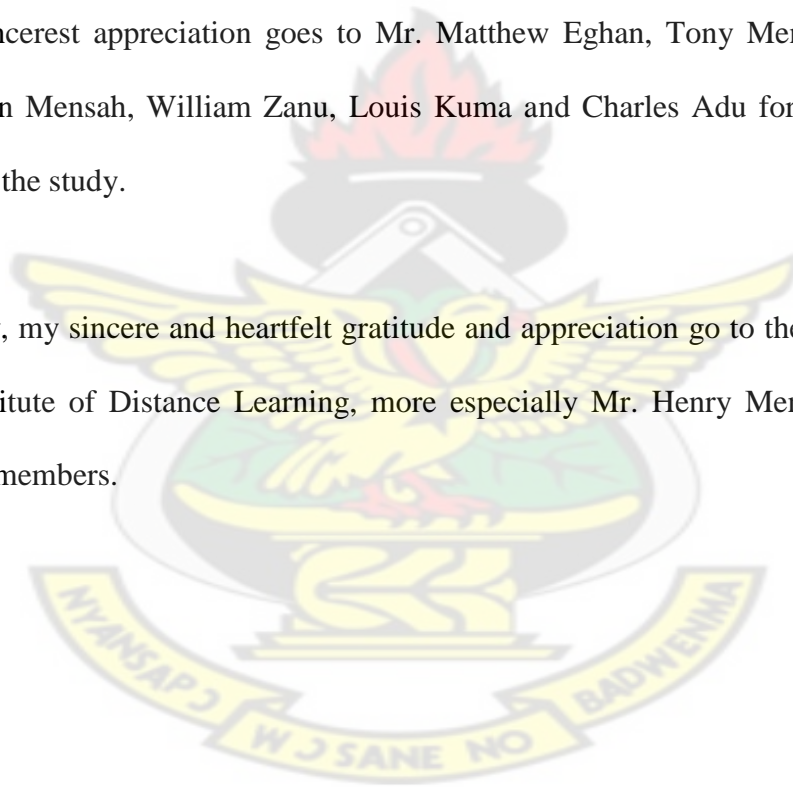


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CHAPTER ONE

1.0 GENERAL INTRODUCTION

1.1 Introduction

Traditionally, the formal banking institutions have been serving only the needs of the commercial sector and providing loans for middle and upper income groups. These banks failed to extend their services to the informal sector and low income earners due to non-availability of collateral for the banks to use in case of default. It is against this background that micro finance was introduced as a way of providing uncollateralized loans to borrowers who have no constant income. International Labour Organisation (ILO), (2002) claimed that “financial market tends to discriminate against people who need smaller transactions”. Anin (2000) in his book ‘Banking in Ghana’ viewed microfinance as provision of financial services in the form of savings and loan to low income earners in both the rural and urban centres. Microfinance institution can be said to be institutions established to provide assistance to the economically active poor, especially women, whose control of the modest increases of income savings is assumed to empower them to improve the conditions of life for themselves and their children (Woller, 2001)

In Ghana, microfinance institutions generally include savings and loans companies, rural banks, cooperatives, credit unions and Non-governmental Organizations (NGOs). People who consume their product are mainly self employed, low income men and women in several sectors of the national economy. They mostly provide short term facilities for working capital as well as a conveniently safe and accessibly savings channel for the surplus earning groups (BoG, 2007).

The typical microfinance clients are low-income persons that do not have access to formal financial institutions. They are poor and vulnerable non-poor entrepreneurs who engage in activities such as farming, food processing and petty trade. Such people have relatively low stable source of income of which majority of them are women (Fisher and Sriram, 2002).

It is generally accepted that women are disproportionately represented among the world's poorest people. In its 1995 Human Development Report, the UNDP reported that 70 percent of the 1.3 billion people living on less than \$1 per day are women (UNDP, 1995). According to the World Bank's gender statistics database, women have a higher unemployment rate than men in virtually every country (World Bank, 2005). In general, women also make up the majority of the lower paid, unorganized informal sector of most economies. These statistics are used to justify giving priority to increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men.

For the past three decades, micro-lending has been seen as a tool for non-profit economic development. This industry has drastically changed over the past 30 years from what began as a collection of individual non-governmental organizations funded by donors to become a professional business offering much more than credit to the poor, but also a full range of business services. While microfinance is not a panacea for poverty, when properly channelled, it can impart sustainable positive impacts as financial investment can lead to the empowerment of people, which in turn may promote confidence, self-esteem, production, and ultimately less poverty (Ghana, 2006).

1.1 Statement of the Problem

Microfinance services have been provided since the 1970s to alleviate poverty by creating jobs and increasing income. This has been done on the basis of the assumption that by integrating the poor, especially women, into productive economic activities, development and empowerment would be promoted automatically through microfinance (Aguilar, 1999). In recent years, however, policy makers, donors and practitioners have been in doubt as to whether the desired results have been achieved (Aguilar 1999, Hulme 2000, Wright 1999). The doubts called for impact assessment studies, and as a result, a number of such research have been conducted in Asia, Latin America and Africa where the majority of the society are poor and microfinance programmes are being carried out. The objectives of most of these studies were to assess the impacts of having access to microfinance services on incomes and their sources, better health and children's education as well as. These studies, however, reported mixed results like little increase in standards of living better self-image and decision making power as a direct result of the loans positive change in alleviating poverty (Dunn and Arbuckle, 2001); accumulation of increased working capital by the poor, increased investment in fixed assets, self-employment, and more incomes (Wright, 1999); and increased debt liability (Hulme, 2000, Rahman, 1999).

However, majority of these researches were not limited to women only especially those conducted in Africa. Therefore, this research looks at how microfinance empowers women economically and socially since many World Bank reports indicate women make up the majority of the lower paid, unorganized informal sector of most economies (World Bank, 2005). The starting point of this study was about

whether the Atwima Kwanwoma Rural Bank's microfinance scheme, specially designed for women are making positive changes on clients. This is further explained in the following research questions.

1.2 Objective of the Study

The study sought to focus on the role the microfinance institution, Atwima Kwanwoma Rural Bank Ltd has been playing towards enhancing the status of women in the socioeconomic direction. The specific objectives however were:

- i. To identify the specific microfinance scheme being implemented by Atwima Kwanwoma rural bank in the district;
- ii. To identify how the scheme has been implemented, especially among women;
- iii. To identify the socioeconomic impact of the microfinance on beneficiaries;
- iv. To assess the challenges that women clients face in the microfinance scheme in the study area.

1.3 Research Questions

1. What microfinance scheme is the Atwima Kwanwoma rural bank implementing?
2. How has the scheme been implemented among women?
3. What has been the impact of the microfinance scheme on the empowerment of women within the study area?

4. How can the microfinance institution that operates in the district overcome challenges relating to microfinance?

These were the research questions that the study sought to answer.

1.4 Significance of the Study

The main objective of the study is to look into the role of microfinance in the empowerment of women. The findings of the study are believed to show the economic and social benefits of microfinance delivery to women in addition to its impact in enhancing their awareness and knowledge. Furthermore, the study also identifies the challenges women face with MFI. The findings of the study can be used by other researchers who might be interested to conduct further studies on the subject. In addition, the results of the study will serve as a source of information for people who need to know the role of MFI in the empowerment of women.

1.5 Scope of the Study

Geographically, the study is limited to the Atwima Kwanwoma district in the Ashanti region. The study focused on the role of the microfinance institution, thus Atwima Kwanwoma Rural Bank Ltd in enhancing the status of women in the socioeconomic direction. It also sought to identify the problems associated with the implementation of the scheme.

1.6 Limitation of the Study

The research work is limited to women clients of only one microfinance institution, namely Atwima Kwanwoma Rural Bank Ltd. Hence, generalization of some facts and findings of the study may be limited to the specific institution considered in the undertaking. A large sample size made up of different microfinance institutions from within and outside the district could have allowed for generalizations of the findings. Nevertheless, this research missed such opportunity due to financial and time constraints.

1.7 Organisation of the Study

The study has been organised in five chapters. Chapter one is devoted to the general introduction, where the problem statement, objectives, research questions, significance of the study, scope of the study as well as the limitations encountered have been outlined. Chapter presents the review of literature and chapter three discusses a brief profile of the study area as well as the methodology used for the research. The data analysis and presentation is organised in chapter four, and the final chapter, chapter five summarises the research findings and also the conclusion and the recommendations by the researcher are presented.

CHAPTER TWO

2.0 Literature Review

2.1 Theoretical Background

Microfinance falls into a liberal economic development strategy that addresses welfare by satisfying the basic notion of lack of money: providing personal income and enhancing economic growth. This is related to the fact that poor people generally are prevented from accessing capital because they are not 'creditworthy'. Hulme & Arun (2009) describe the mission of microfinance institutions as being based on the fundamental assumption that the poor possess the capacity to implement income-generating activities but are limited by lack of access to and inadequate provision of savings, credit and insurance facilities. Although a problem generated in itself by the capitalist system, it is also one that can be solved with tools within the same system, as microfinance shows. Apart from addressing issues of food and shelter, personal income will also improve the possibilities for future welfare in the household as part of this money is invested in education for the children. As pertains to economic growth, in as far as income-generating activities are promoted in the formal sector, this will promote overall economic growth and increase government income that is hopefully also spent on public welfare. This scenario is of course heavily dependent on functional market mechanisms and a reliable, reformist government.

Secondly, microcredit strategies also pay attention to gender in development. According to the feminist empowerment paradigm, individual power is emphasized and women's empowerment is seen as following a process of promoting individual internal change (power within), increasing capacities (power to) and the collective

mobilization of women and, where possible, of men (power with) to challenge and change gender subordination (power over). Here it is assumed not only that women have common gender interests and will wish to address these if given sufficient support, but also that micro-finance is a useful entry point to this process (Mayoux, 2008). The fact that women make up an overwhelming majority of microcredit lenders already confirms the underlying vision of promoting gender equality in a society that is otherwise strongly male-dominated.

Finally, microcredit poverty alleviation strategies also address individual humanitarian issues that tend to make up the foundation of social development theory, such as basic needs and post-development doctrines. Continuing to follow Amartya Sen's capabilities approach, this aims toward the somewhat typical notion of helping someone to help himself/herself, or allowing the poor to lift themselves out of their own poverty. Within the poverty-alleviation paradigm increasing women's access to micro-finance is seen as increasing their status in the household and community, leading to greater confidence, a share of consumption expenditure and a role in household decision-making (Hulme & Arun (2009).

2.2 The Concept of Empowerment

The term empowerment is used to refer to self reliance and self respect in order to enable each person reach his or her God given potential (Cheston and Kuhn, 2002). They also state that empowerment is about change, choice and power. Empowerment is also considered as process of change by which individuals or groups with little or no power gain the power and ability to make choices that affect their lives.

Empowerment is also defined as a process through which women are able to transform their self perceptions-equivalent to alchemy of visibly transforming gender roles. Empowerment generally involves change at three broad levels: within the household, within the community, and at a broader institutional or policy-making level (Zafar, 2002)

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

The idea of power is at the root of the term empowerment. Power might operate in different ways (Oxaal and Baden, 1997). 'Power over' involves an either/or relationship of domination/subordination while 'power to' relates to having decision makings authority to solve problems. 'Power with' involves people organizing with a common purpose or common understanding to achieve collective goals where as 'power within' refers to self confidence, self awareness and assertiveness.

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

Empowerment is usually associated with women not only because they have been historically disadvantaged in access to material resources like credit, property and money, but they have also been excluded from social resources like education or inside knowledge of some businesses (Zafar, 2002).

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

Movements which seek the empowerment of women as group increase opportunities available to individual women, and economic empowerment can increase women's status in their families and societies. The lack of empowerment, on the other hand, eventually slows down economic and political development, just as the lack of progress in meeting people's basic needs will limit empowerment because poverty itself is disempowering (Skarlatos, 2004).

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

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

The United Nations Conference on Environment and Development (UNCED) agenda 21 mentions that women's advancement and empowerment in decision making including women's participation in national and international ecosystem management and control of environment degradation, as a key area for sustainable development (Wee and Heyzer,1995). Many other international conferences and gender based organisations also treat the empowerment of women as the main objective of development which requires the full participation of women in the formulation, implementation and evaluation of decisions determining the functioning and well being of societies. The World Bank has also identified empowerment as one of the key constituent elements of poverty reduction, and as a primary development goal (Malhotra *et al*, 2000). The promotion of women's empowerment as a development goal is based on the dual argument that social justice is an important aspect of human welfare and is intrinsically worth pursuing. A similar dual rationale for supporting women's empowerment has been articulated in the policy statements put forth at several high level international conferences in the past decade such as (Beijing Platform for Action,1995), (Beijing Declaration, 2000), and (CEDAW,1979).

However, no major development agency has developed a rigorous method for measuring and tracking changes in levels of empowerment. It is, therefore, difficult for the international development community to be confident that their efforts to empower women are succeeding (Malhotra et.al, 2000).

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

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

Furthermore, links between empowerment and health in general, and specifically for women are receiving growing recognition. Presentation made by WHO at the Fourth World Conference on Women at Beijing states that the empowerment of women is a fundamental prerequisite for their health. This means promoting access for women to resources, education and employment and the protection and promotion of their

human rights and fundamental freedoms so that they are enabled to make choices free from coercion or discrimination (WHO, 1995; Bridge, 2004).

Education plays a vital role in the social empowerment of women (Indian National Policy, 2001). The empowerment requires the provision of equal access to education for girls and women. It also requires taking special measures to eliminate discrimination, universalize education, eradicate illiteracy, create a gender-sensitive education system, increase enrollment and retention rates of girls and improve the quality of education to facilitate lifelong learning as well as development of occupational/Vocational/ technical skills by women.

Empowerment is essentially a bottom-up process rather than something that can be formulated as a top-down strategy (Cheston and Kuhn 2002). It then follows that the empowerment of women basically rests on women themselves rather than development agencies. The empowerment of women involves women themselves setting the agenda and managing pace of change (Carolyn, 2003). Empowerment comes from within, i.e., women empower themselves. Other parties such as development cooperation agencies or NGOs can, however, play an important role in facilitating capacity building and networking.

Appropriate external support can be important to foster the process of empowerment. In this regard, development agencies can support women's empowerment by funding women's organizations that work towards addressing the causes of gender subordination by promoting women's participation in political systems and by facilitating dialogue between those in positions of power and organizations with women's empowerment goal (Carolyn, 2003).

Development activities have become closely associated with the promotion of women's empowerment, such as micro credit, political participation and reproductive health and much innovative work has been done in these areas. However, there are limits on the extent to which such activities are by themselves empowering (Cheston and Kuhn, 2002). Empowerment approaches are utilized in a variety of development initiatives in addition to micro credit programmes, democratization programmes and leadership training programmes.

However, question has to be raised as to what constitutes empowerment and when is the programme empowering and when it is not. For example, increased decision-making power at individual level and greater access to economic resources of women does not necessarily translate into greater representation on power of women with in political institutions (Cheston and Kuhn, 2002).

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

2.3 Microfinance

Microfinance, according to Otero (1999) is the provision of financial services to low-income poor and very poor self-employed people. These financial services according to Littlewood (2007) generally include savings and credit but can also include other financial services such as insurance and payment services. Schreiner and Colombet (2001) define microfinance as the attempt to improve access to small deposits and small loans for poor households neglected by banks. 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.

Micro credit programmes aimed at empowering women have become popular among donors and NGOs. Development policies with the approach of women's empowerment through women organizing for greater self-reliance has also resulted in a change of policies for the enhancement of women's economic role. Since microfinance organizations have financial focus, they are expected to impact the lives of the poor (Kabeer, 2005).

Micro credit is about much more than access to money. It is about women gaining control over the means to make a living. It is about women lifting themselves out of poverty and vulnerability. It is about women achieving economic and political empowerment within their homes, their villages, their countries (Beijing Conference, 2000). Kabeer (2005) states that in order to bring women's empowerment, microfinance needs to help poor women address their daily needs as well as their strategic gender interests. It is recognized that strategic gender interests go to the very heart of the structures of patriarchal power: the abolition of a coercive gender

division of labour; of unequal control over resources; ending male violence, women's control over their own bodies, the establishment of political equality and the ending of sexual exploitation (Molyneux 1985).

2.3.1 Targeting of women under microfinance

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

Women are basically the poorest of the poor. According to UNDP (2003) Human Development Reports, women make up the majority of lower paid and unemployed portion of most economies. It is believed that the welfare of a family is enhanced, when women are helped to increase their incomes. This is due to the fact that women spend most of their incomes on their households. Hence, assisting women generates a multiplier effect enlarging the impact of the family needs and, therefore, another justification for giving priority to them. Another argument in favour of priorities to women is their efficiency and sustainability.

Women are believed to be better in their repayment records and cooperativeness (Cheston and Kuhn, 2002). Women's repayment rates also excel that of men and

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

According to USAID (1995) financial institutions that offer deposit services are very attractive to women. If a gender based organization is aiming to meet the preferences and needs of its clients, savings services must be an integral component of its programme.

Saving programmes targeting at women have the potential to enhance economic empowerment since women make financial security safety and provision priorities in their households (UN Expert group on women and Finance, 1995).

As indicated previously, microfinance services initially target women. However, it is not sufficient only to cater for women clients to solve gender issues. A gender sensitive approach is inclusive rather than exclusive (Jahan, 1995). Gender sensitivity is assured when taking into account the needs and constraints of both women and men during the design and delivery of finance. On the other hand, the "women only" targeting approach might further exacerbate gender inequalities.

2.4 Paradigms of Microfinance Institutions towards Women Empowerment

Support for targeting women in microfinance programmes comes from organizations of widely differing perspectives. Mayoux (2005) identifies three contrasting paradigms with different underlying aims and understandings and different policy prescriptions and priorities in relation to microfinance and gender policy. The three

paradigms, namely the feminist empowerment, poverty reduction and financial sustainability, also have different emphasis in the way they perceive the inter-linkages between microfinance and women's empowerment.

2.4.1 Feminist empowerment paradigm

With a focus on gender awareness and feminist organization, microfinance is promoted in light of a wider strategy for women's economic and socio-political empowerment. In this regard, microfinance must be part of a sectional strategy for change that identifies opportunities and constraints within industries which can raise the prospects for women, when addressed. In addition, microfinance should be based on participatory principles to build up incremental knowledge of industries and enable women to develop their strategies for change (Mohanty, 2003; Mayoux, 2005).

2.4.2 Poverty reduction paradigm

This paradigm is touched by many NGO integrated poverty-targeted community development programmes. The main focus of such programmes is the development of sustainable livelihoods, community development and social service provision like literacy, health care and infrastructure. The programmes typically target the poorest of the poor.

The strategies target women because of higher levels of female poverty and women's responsibility for household well-being. The assumption is that increasing women's access to microfinance will enable them to make greater contribution to household income which is believed to translate into well being for women and result in changes gender inequality (Mayoux, 2005).

2.4.3 Financial sustainability Paradigm

This underlies the models of microfinance promoted since the mid-1905 by most donor agencies. Large programmes which are profitable and self supporting and that, compete with other private banking institutions and capable of raising funds from international financial markets, is the ultimate aim of such endeavours. Financial sustainability is seen as addition to create institutions which reach significant number of the poor. The success of the programmes is measured in terms of covering costs from incomes.

The need for targeting women is justified on grounds of high female repayment rates and the need to stimulate women's economic activity. It is believed that increasing women's access to microfinance services will in itself lead to individual economic empowerment though enabling women's decisions about savings and credit use to set up micro enterprise, increasing incomes under their control (Mayoux, 2005).

2.5 Economic impact of microfinance

Women's access to credit is generally believed to result in their economic empowerment. As a result, the provision of microfinance to women has been called for by various international and national organizations in light of their productive role for economic development and women's rights. However, many still question the empowering capacity of credit in relation to the economic social and political conditions of women. (Mayoux, 2002; Makina and Malobola, 2004; Mohan, 2006).

The impact of microfinance on income has been observed to be variable. It appears that for the majority of borrowers income increases are small and even in some cases

negative. This is due to the fact that most women invest in existing activities which are low profit and insecure. In addition, women's choices and ability to increase income is constrained by gender inequalities in access to other resources for investment in household responsibility and lack of mobility (Mayoux, 2002; Dzafic *et al*, 2008).

Hence, the presumption that access to credit automatically leads to women's empowerment is not often true. This is because women with access to credit are usually unable to gain and maintain control of it. In addition there are additional disadvantages that women face including inability to access information, productive resources and social networks that hinder their access to and control of resources (Mayoux, 2002; De Mel *et al*, 2009).

As mentioned earlier, access to microfinance, by and large, has a positive economic impact. The impact becomes larger for those closer to the poverty line and it also increases with the duration of membership or intensity of loans as members begin to invest in assets rather than consumption (Morduch and Haley 2001). Microfinance delivery in various points of the world has improved the economic position of households, enhancing the asset base and diversification in to higher return occupations among members.

However, there are also a number of issues within the women's empowerment framework that impede the poverty reduction capacity of microfinance (Skarlatos, 2004). First the size of the loans is too small which does not enable the women to make long lasting income change for the household. Secondly, the increased access

to credit in the same geographic area could contribute to market saturation of products provided by women.

This is because poor women usually engage in similar businesses. Thirdly, there is the possibility that the women's successful business might have a negative impact on the girl-child who might be required to help her mother leaving the school. Women have a stake in the overall economic achievement of the household. However, in societies where there are restrictions on women's public mobility the impacts of microfinance on women are marginal or even non-existent. In addition, the economic impact of microfinance on women depends on whether they have full control over the loan secured and their voice in house hold decision making (Goetz and Gupta, 1996).

2.6 Social impact of microfinance

In addition to economic impacts, social changes also result from the work of micro finance organizations (Kabeer, 2005; Ahnby and Henning, 2009). The delivery of microfinance is expected to result in social changes because women working in groups can achieve what might not be achievable individually. Micro finance organization strategies provide the poor the possibility of belonging to a group they choose despite the socially or economically imposed relationships (Bennett, 2002; Kabeer, 2005). This allows for meeting with others of similar experience and share knowledge. Such practices in effect are believed to empower them both individually and collectively.

The provision of financial services is directly associated with two specific sets of social relations. The first relate to interactions with the staff of the organizations

which have the potential to bring change through training and other activities. The second set of social relations is those between members of the groups organized by microfinance organizations. However, these groups do not embody the same principles of organization or the same kind of relationships between members (Mayoux, 2005).

Child education also improves with the provision of microfinance. In this regard, the delivery of microfinance to women results in greater return as compared to men (World Bank, 2001; Kabeer, 2005).

Microfinance members are also expected to have enhanced decision making powers regarding reproductive rights than non-members. These include the decision on abortion, contraception use, and number of children and age at marriage for their daughter. In addition, the livelihood of female decision making has been increases when channelling loans through women's groups rather than to individual women (Goetz and Gupta, 1996).

Claims that participation in microfinance activities has implications for women's empowerment within the household were investigated by a number of studies with varying results. Intra-household decision-making was one commonly investigated indicator of women's empowerment. While there is evidence that microfinance can have an impact on women's role in household decision-making, it has not occurred evenly in all contexts or in all areas of decision-making (Cheston and Kuhn, 2002).

The other social impact of microfinance is on domestic violence. Domestic violence might reveal either a declining or an increasing trend with women's access to microfinance (Goetz and Gupta, 1996). The reason for the decline could be the

increase in awareness among family members that provides women a public forum where they discuss matters that were previously kept privately. On the other hand, according to the report compiled by (Rahman, 1999) an increase in domestic violence has been observed for 70 percent of 120 women borrowers of Grameen Bank (microfinance institute found in Bangladesh) following their involvement in microfinance.

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2.7 Gender Based Microfinance Delivery

Women's access to financial resources has been substantially increasing over the years. However; their ability to benefit from the access is limited by the gender related disadvantages (Skarlatos, 2004). In addition, despite their growing capacities, some microfinance institutions provide a decreasing percentage of loans to women. The loan size provided to women also appears to be smaller in comparison to men although both participate in the same programme and belong to the same community. In addition to women's poverty levels, social discrimination against women results in smaller loan sizes in comparison to men.

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

The goal of empowerment can be achieved through microfinance programmes that are broad based, gender focused and financially sustainable. A gender based policy involves more than just targeting women. Creating gender- based policy involves a process through which an institution re-examines all of the underlying structures and assumptions about gender roles, rights and responsibilities that have historically discriminated against women as borrowers and employees. It is also important for microfinance institutions to set guidelines pertaining to employee recruitment, promotion, roles and responsibilities.

In this regard, the formulation and enforcement of the guidelines is expected to bring about positive social changes. Furthermore, involving women both as staff and borrowers has the potential for increased levels of economic empowerment and financial stability that will benefit the individual women, their families and communities (Mayoux, 2002).

The following are some general considerations that should be made when designing programmes with the aim of creating gender based strategy (Vyas, 2002). First, a programme must contribute to the self esteem, confidence and competency of women. This is because women often find it difficult to express their concerns about harmful political and economic policies much less discuss their consequences for gender empowerment.

Second, there must be a strong female contingency in the leadership and planning roles of microfinance programme. Filling management positions with women would help to break the belief that women are not capable of handling jobs traditionally held by men. With proper education and increased self esteem, women will have the ability to break traditional cycles of subordination and inherent cultural procession.

Lastly, a microfinance programme with a focus on gender must have an idea, founded on solid research and reliable information of the financial senses that will be most beneficial to women clients.

Agencies also need to develop approaches that provide opportunities for women to decide for themselves about their needs and interests and how positive change can be achieved. Promoting empowerment also requires some fundamental changes within agencies in reviewing their structures and procedures to increase their accountability to the women whose empowerment they aim to support. Generally, it is essential that empowerment strategies are designed to enable women to gain greater access to information, access and control over resources and the ability to make decisions themselves (Kabeer, 2005).

In order to enhance women's access to credit, the establishment of new and strengthening of existing micro credit mechanisms and micro-finance institutions needs to be undertaken to enhance the outreach of credit (Cheston and Kuhn, 2002). In addition, other supportive measures should be undertaken to ensure adequate flow of funds. The promotion of women's political participation is an important approach to supporting their empowerment. This includes promoting women in government and national and local party politics as well as supporting women's involvement in NGOs and women's movements. Generally although women are found in large numbers in lower-level positions in public administration political parties, trade unions and business, their representation in chief executive and economic areas is generally very poor.

Microfinance has also been strategically used by some NGOs as an entry point for wider social and political mobilization of women around gender issues (Mayoux,

2002). However, in most programmes there is little attempt to link micro-finance with wider social and political activity. In the absence of this, it is not possible to measure the contribution of microfinance. To the contrary, there is the possibility that micro-finance and income earning may take women away from other social and political activities.

2.9 Evolution of the Microfinance Sub-Sector in Ghana

Microfinance is not a new concept in Ghana (BoG, 2007). It has always been common practice for people to save and/or take small loans from individuals and groups within the context of self-help in order to engage in small retail businesses or farming ventures. Anecdotal evidence suggests that the first credit union in Africa was probably established in Northern Ghana in 1955 by the Canadian Catholic missionaries that were there at the time. However, Susu, which is one of the current microfinance schemes in Ghana, is thought to have originated in Nigeria and spread to Ghana from the early 1900s. Over the years, the microfinance sector has thrived and evolved into its current state thanks to various financial sector policies and programmes such as the provision of subsidized credits, establishment of rural and community banks (RCBs), the liberalization of the financial sector and the promulgation of PNDC Law 328 of 1991, that allowed the establishment of different types of non-bank financial institutions, including savings and loans companies, finance houses, and credit unions etc (BoG, 2007).

Currently, there are three broad types of microfinance institutions operating in Ghana (BoG, 2007). These include:

- Formal suppliers of microfinance (i.e. rural and community banks, savings and loans companies, commercial banks)

- Semi-formal suppliers of microfinance (i.e. credit unions, financial nongovernmental organizations (FNGOs), and cooperatives;
- Informal suppliers of microfinance (e.g. susu collectors and clubs, rotating and accumulating savings and credit associations (ROSCAs and ASCAs), traders, moneylenders and other individuals).

In terms of the regulatory framework, rural and community banks are currently regulated under the Banking Act 2004 (Act 673), while the Savings and Loans Companies are currently regulated under the Non-Bank Financial Institutions (NBFI) Law 1993 (PNDCL 328). On the other hand, the regulatory framework for credit unions is still being developed to reflect their dual nature as cooperatives and financial institutions. The rest of the players such as FNGOs, ROSCAS, and ASCAs do not have explicit legal and regulatory frameworks, and are largely unregulated.



CHAPTER THREE

3.0 Research Methodology

3.1 Introduction

This chapter is devoted to outlining of the characteristics of the study area. It looks at the physical and socioeconomic characteristics of the Atwima Kwanwoma district.

The chapter also outlines the research methodology applied in the study.

3.2 Characteristics of the Study area

Atwima-Kwanwoma District is one of the newly created districts in Ashanti region with Foase being its capital (Dist. Dev. Plan, 2006).

3.3 Physical Characteristics

3.3.1 Relief and Drainage

The district forms part of the Ashanti plateau. The topography is generally undulating; there is no prominent feature with a height of about 200 feet above sea level (Dist. Dev. Plan, 2008). The drainage pattern of the district is dendritic. Dwanyen Kankamayem and their tributaries drain the district. The persistent clearing of the catchment areas of these rivers and streams for farming purpose has adversely affected their level of flow/volume. They have virtually become seasonal rivers. During the dry season when the rivers and streams dry up, the communities that rely on these rivers for their water supply face acute water shortage. The situation is further compounded by the climate change with its prolong dry periods and excessive heat (Dist. Dev. Plan, 2006).

3.3.2 Climate

Climate of the district is wet semi – equatorial type. The mean monthly temperature is about 20c. A maximum temperature of about 28c is recorded in March and April just before the onset of the rainy season. The rainfall pattern consists of two (2) rainy seasons. The major season is usually between March and July with June as the peak period. The minor season is between late September and November (Dist. Dev. Plan, 2006).

The mean annual rainfall ranges from 140 – 170 cm. Rainfall totals and incidence vary widely from year to year. The number of rainy days average about 100 – 120 days year with 75% of this occurring during the major season. The months of December through March are virtually dry. The relative humidity is high especially in the rainy season and early mornings. The climate change has actually altered this climatic pattern such that one cannot determine the known patterns with accuracy. This actually affects farming activities, the major economic activity in the district. This is so because the farming activity in the district like any other part of Ghana is climatic dependent (Dist. Dev. Plan, 2006).

3.3.3 Vegetation

The district lies within the green belt. The over bearing vegetation is moisture laden semi – deciduous. The typical vegetation is basically determined by rainfall and ground water supplies. The forest is rich in tropical hard woods like Wawa, Esa, Kyeakyen etc. The material vegetation has been degraded into secondary forest in areas like, Trabuom, Hwidiem Deikrom and Chichibon. This degradation is as a result of illegal chain saw activities, bush fires and shortened bush fellow periods

because of increased population pressure on the land for farming purpose (Dist. Dev. Plan, 2006).

3.4 Implication of Physical Features/Characteristics on Development

The location of the district presents both opportunities and challenges. The district's proximity to Kumasi promises ready market for farmers and other economic activities. The value for land is increasing steadily because of trickle- down effect from Kumasi metropolitan area. The other side of proximity to Kumasi is the issue of how to manage rural – urban interface. There is high demand for land in the district in such areas like Ahenema Kokoben, Brofoyeduro, Ampayoo, Krofrom, Tredre and other emerging peri-urban areas. This implies that the nature of Peri-urban interface is one of the constant changes, with the people affected experiencing continuous shifts in their livelihoods and in the problems and opportunities they face (Dist. Dev. Plan, 2006).

Poor people, especially women are less able to take advantage of the new opportunities, but interventions that support the poor, for example by increasing their access to capital, skills, and information can help them. Although the land available for natural resource based activities declines with the rural urban-change, these activities remain important, particularly to the poorest people. This would mean that continued support for good natural resource management is therefore critical. Farming and trading, often in agricultural produce, have crucial roles in peri-urban situations providing income and allowing risk taking ventures. These activities can be usefully supported (Dist. Dev. Plan, 2006).

The climate is good for variety of crops as the district experiences double maxima rainfall. This provides great potential for plantations for crops such as Citrus, cocoa and palm.

The soils in the district support different kinds of crops. There is therefore a potential for investment in agriculture, the mainstay of district's economy.

3.5 Socio-Economic Characteristics

3.5.1 Population Growth, Size and Density

The population of the district in 2000, according to population and Housing Census is 73,014 representing 2% of the region's total population of 3,612,950. The current projected population of the district is 85,932.50 using growth rates of 3%. Atwima Kwanwoma District has an average of about 214.2 persons per square km as against 147.6 and 78.9 persons per square kilometre for Ashanti and the nation respectively

3.5.2 Age-Sex Ratio

The structure of the district's population indicates 49.2% males and 50.8% females. This phenomenon is a true reflection of the Regional and National situation. The age structure of the economy depicts that of a typical developing economy. The broad age structure indicates 43.8% for the 0 – 14 age cohort, 48.2% for 15 – 64 age cohort and 8% for 65+ age cohort (Dist. Dev. Plan, 2006).

3.5.3 Household Size

The district have an average household size of 8, house occupancy rate of 15, room occupancy rate of 4.3 and habitable rooms per house at 5.3

3.5.4 Occupational Distribution

The major occupation in the district is agriculture that employs 62% of the labour force. Of these crops farming employs about 75%, 24% engage in animal husbandry and less than 1% in fishing. Industry and service/commerce employs 8% and 30% of the labour force respectively. About 50% of those engaged in industry and commerce still take up agriculture as a minor occupation (Dist. Dev. Plan, 2006).

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3.6 Research Method and Tools

In order to obtain the best results, the researcher used the method of triangulation. Quantitative as well as qualitative methods were also employed. While more emphasis was given to the quantitative method, qualitative analysis was used as a supplement to the former approach. Relevant research literatures such as books, brochures, articles, reports, etc. on the issues and roles of microfinance and women empowerment were reviewed and presented in this study.

With the objective of obtaining accurate quantitative information, a questionnaire was developed for a total of 373 respondents.

Qualitative methods are usually employed for deeply rooted studies that attempt to interpret social reality (Roger and Nall, 2003). Gender issues being one aspect of social reality, qualitative analysis is believed to provide an appropriate understanding of the subject. Feminists have used qualitative research methods in order to make women's diverse voices and experiences heard (Jane and Lewis, 2003). In accordance with the above, this research focused on qualitative and quantitative

methods with the view of assessing the areas and extent of empowerment resulting from the intervention of microfinance and also identifying the challenges and problems faced by the clients in the undertaking. In this regard, focus group discussion method and administration of questionnaire through interview were used for the purpose.

3.6.1 Focus Group Discussion

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

The focus group discussion is held among individuals of 6 to 12 persons divided into a 2 to 6 groups.

Rather than being a simple question-answer session, the discussion intends to grab information regarding the ideas and opinion of the group towards an issue. To fulfil the aforementioned objective, a discussion is initiated on a given topic among the members under the guidance of a facilitator (Jane and Lewis, 2003).

In this study, three focus group discussions were conducted with 30 women that are clients of Atwima Kwanwoma rural bank. The discussions were moderated by the researcher. The focus groups were made of clients from three towns within the district, namely, Ahenema Kokoben, Brofoyeduro and Ampayoo. The participants were mostly leaders of the 'co-operative' groups formed purposely to access loan facility from the Atwima Kwanwoma Rural Bank. The participants were selected and

discussion arranged by staff of the institution that have direct contact with the clients and are able to identify those that provide more information.

The focus group discussions lasted between one hour and an hour and a half and the information obtained was generally very valuable. The ideas raised, the dialogue held and the cooperativeness of the participants were also very much appreciable. Although some appeared to be shy and a few attempted to dominate the discussions, the moderator was basically able to manage the sessions well.

On the quantitative research method, 373 clients from the total of 5,454 microfinance clients from the AKRB were selected through simple random sampling procedure. Atwima Kwanwoma rural bank currently serve a total of 10,454 clients in their microfinance schemes within the district, out of which 5,454 are women. Based on this the researcher was able to adopt a mathematical formula for the purpose of determining the sample size. Yemane (1970) has suggested the following mathematical formula for determining sample size.

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

Where, N is the total microfinance client women, and e is the error or confidence level. The conventional confidence level of 95% was used to ensure a more accurate result from the sample. Based on this, the error term would equal to 0.05. Using the total population of 5,454 and error margin of 0.05, the sample size was calculated as follows.

$$\frac{n = 5454}{1 + 5454(.05)^2} = 373$$

$$\frac{n = 5454}{1 + 5454 \times .0025} = 373$$

Hence, out of the total population of 5,454 microfinance women clients, a sample size of 373 was taken. A simple random sampling technique was then adopted to select the 373 participants. However, only 250 were available for interview during the time of data collection. These clients were identified and structured questionnaires administered through the interview method.

3.7 Data Analysis

Data editing and entry task was conducted. Furthermore, clean data set were used for the analysis. Roger and Nall (2003) state that the data should be completed before leaving the field and additional required notes also need to be included.

After reading the transcripts from the focus group discussion, the main concepts were categorized and an index constructed which contained broad themes based on the research questions (section 1.3) Each category was then labelled using appropriate headings. Finally, the major findings under each topic and sub-topic were analyzed and interpreted.

With regard to the quantitative analysis, SPSS software was employed for the data entry and to calculate percentage values. The resulting data was then analyzed and interpreted. Over all data was presented using frequency tables, bar and pie charts.

3.8 Validity and Reliability

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



CHAPTER FOUR

4.0 DATA PRESENTATION, DISCUSSION AND ANALYSIS

4.1 Demographic Characteristics of the Respondents

This chapter deals with the background characteristics of the respondents considered in the study. A total of 30 individuals were involved in the focus group discussion. The age of the study participants were from 20 and above. Majority of the participants were above the age of 35. The respondents, whose educational level ranged from illiterate to secondary level, mostly learned about the existence and function of the microfinance institution from friends and relatives. The respondents have been members of the microfinance institution from one to more than four years. Furthermore, it was observed that the participants differ in their marital status, i.e., consisting of single, married, widowed and divorced women. Regarding the questionnaire, it involved a total of 250 respondents. The background characteristics of respondents are presented in Table 4.1.

Table 4.1 **Age Distribution of Respondents**

Age	Frequency	Percent
20 – 24	14	5.6
25 – 29	28	11.2
30 – 34	42	16.8
35 – 40	61	24.4
40 and above	105	42
Total	250	100

Source: Field survey, 2011

Table 4.1 shows that around 24.4 percent of the women fall in the age group of 35-40. The women above 40 years of age constitute 42 percent. Only a few, i.e. 5.6

percent, of the women are 20-24 years. 11.2 percent of the respondents were between 25 to 29 years of age while those aged 30-34 are 16.8 percent. Generally, the majority of the clients are above the age of 35. These women constituted the most economically active and independent section of the population. Any effort to resource them financially, especially considering the high levels of poverty within the district, will go a long way to improve their livelihoods.

Table 4.2 **Marital Status of Respondents**

Marital Status	Frequency	Percent
Married	155	62
Widow	32	12.8
Divorced	22	8.8
Single	41	16.4
Total	250	100

Source: Field survey, 2011

As indicated in Table 4.2, 62 percent of the clients are married while 12.8 percent are widows. Respondents who have divorced constitute 8.8 percent while the remaining 16.4 percent are singles. This shows that the great majority of the clients are married.

Table 4.3 **Level of Education of Microfinance Clients**

Level	Frequency	Percent
None	140	56
Read and Write	30	12
Primary	58	23.2
Secondary	22	8.8
Total	250	100

Source: Field survey, 2011

Regarding the educational level of the clients, Table 4.3 shows that about 56 percent are illiterate while 12 percent can read and write although they have not undergone through formal education. Furthermore, 23.2 percent and 8.8 percent have reached primary and secondary school level, respectively. This reflects that none of the clients is above secondary level and that the majority lack basic education. It also appears from the above figures that the AKRB provide financial access generally to those with low level of education.

4.2 The Role of Atwima Kwanwoma Rural Bank in Microfinance

4.2.1 Activities of Atwima Kwanwoma Rural Bank (AKRB)

AKRB has microfinance delivery as one of their core activities. They provide small loans to individuals and groups already established or the productive poor in the following sectors:

- Artisans- tailors/designers, shoe makers, plastic/leather bags makers, furniture makers, handicraft producers etc.
- Food industry- *chopbars*/food sellers, bakers/confectionary, restaurants etc
- Agriculture- poultry farmers, vegetable and food crop farmers among others.
- Trading- traders in agricultural produce such as beans, maize, yams, various types of vegetables, shopkeepers, other retailers etc.
- Services- hairdressers, dressmakers, etc.

Atwima Kwanwoma rural bank integrates training programmes into the provision of microfinance services. Non-financial services provided include entrepreneurial skills development, credit management, and records-keeping. AKRB also offers services in the form of technical advice, institutional capacity-building, supervision, monitoring

and evaluation to support the development of microfinance and other development-based institutions.

4.2.2 Trust Bank Lending Method

This refers to the group-based lending scheme, and this is the scheme being applied in the microfinance scheme. Groups of poor and economically active persons apply for credit under the joint liability method. Between 20 and 30 members form a group referred to as a trust bank. The group was further divided into smaller groups of between 5 and 7 members. The group is then given training on credit management, leadership and health training. Other training services are offered periodically. Individuals in the group are offered variable microloans depending on their individual circumstances. Loans are repaid weekly or fortnightly depending on the mutual decision reached with loan officers.

4.2.3 Susu Loans

The susu operation deals with the poor making daily contributions into an account either for savings or to enable the one have access to loan from the bank. The bank realised that a lot of people have money on them but find it difficult to leave their homes, stores and workplace to go to the bank to save. There are some people with small cash holdings which they find it to be too small to come to the bank to save.

Some loan beneficiaries find it difficult to pay loans on schedule but with staff visiting them daily for repayment, they are able to repay loans on daily instalments basis with minimum stress. The susu loan scheme is designed to give financial

assistance to clients to expand their businesses. The product which is mainly targeted at traders, barbers, weavers, footwear manufacturers, tailors has been categorized into three “Silver, Diamond and Gold”

- The product allows clients to repay loans daily / weekly / monthly.
- Applicant must have made at least three (3) contributions per week for three consecutive months.
- A loan of 3 times the contribution for 3 months shall be granted.
- Duration of the loan shall range between 6 months and 12 months.

4.2.4 Dwetire Group Loans

With this scheme, the bank realized that repayment of loans among group members was quite encouraging. The bank realized again that women tend to be poorer in society and by assisting women groups will better the lives of women and society in general. Loan repayment among women was found to be high and therefore decided to assist women raise capital for their economic ventures. This product is targeted at traders, artisans, service providers and women groups. and it is classified into two:

- Dwetire Group Loans
- Large Group Loans

Under the Dwetire Group Loans bank staff undertake outreach programmes in communities within the catchment areas of the bank to form groups. The loan clients are then trained and nurtured for 8 weeks in order to be able to have access to loan

facilities.

Having been granted a maximum loan of GH¢1000 per individual client, the group graduates from Dwetire group to Medium group where the maximum loan limit per client is GH¢3000. From the medium group loan, groups graduate to the large group when they can access a maximum loan of GH¢5000 per client.

- Group formation is by self selection.
- Group members shall be located in one area.
- Group size should be between 8 – 15.
- Repayment is between 6months and 12months.

4.3 General Characteristics of Respondents in relation to Microfinance

4.3.1 Microfinance Membership

In table 4.4, it is shown that 13.4 percent of the respondents have been members of the microfinance institution for less than a year while 19 percent joined the programmes before one to three years. 39.4 percent of them have a membership duration ranging between four to six years whereas 28.2 percent have more than seven years of membership. In this regard, a great majority of the clients have participated in the microfinance programmes for more than four years. It is believed that the impact of microfinance will be fairly observed as most of the clients have participated in the AKRB for over four years.

Table 4.4 **Distribution of the sample by duration of microfinance Membership**

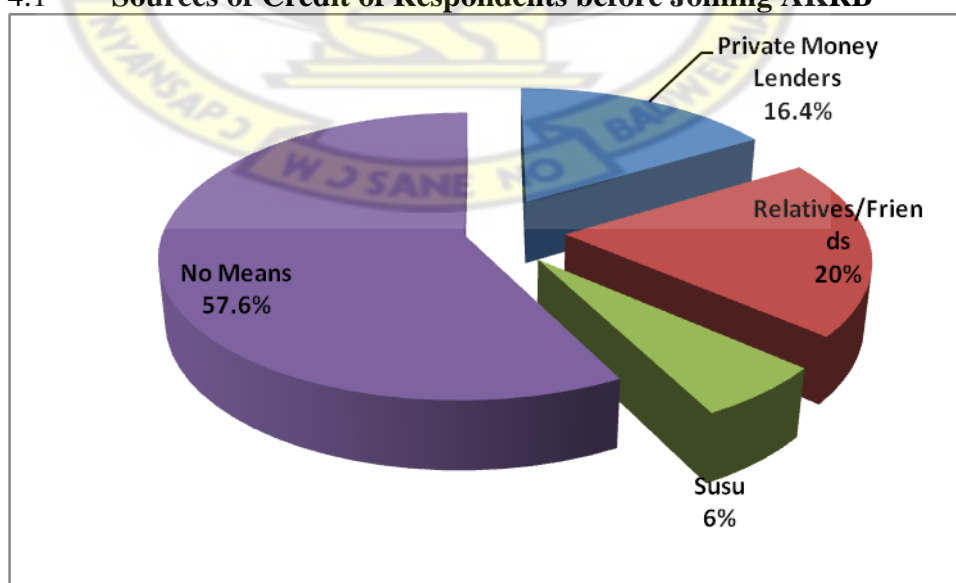
No. of Years	Frequency	Percent
1Yr	20	8
1 – 3yrs	50	20
4 – 6yrs	100	40
7 yrs +	80	32
Total	250	100

Source: Field survey, 2011

4.3.2 Sources of Credit

As Fig. 4.1 shows, before joining AKRB, 16.4 percent of respondents were using private money lenders as their source of credit while 20 percent depended on relatives and friends. Local Susu membership constituted the credit source for 6 percent of the clients while 57.6 percent of the respondents did not have any source of credit before joining the AKRB. The above figures indicate that the majority of the respondents lacked a means of credit before they joined the AKRB.

Fig. 4.1 **Sources of Credit of Respondents before Joining AKRB**



Source: Field survey, 2011

4.4 Positive Views about the AKRB

As depicted in Table 4.5, below, majority (48%) of respondents liked the credit facilities offered by AKRB because it is a steady source of working capital while 9.2 percent of them due to its positive impact on group solidarity and group dynamics. 24.8 percent of the clients prefer AKRB because of the relatively lower guarantee requirements compared to other sources of loan, whereas 18 percent of them liked it because it has a lower interest rate than other informal sources of credit.

Table 4.5 **Positive Views AKRB**

No. of Years	Frequency	Percent
Low interest rate than other informal sources of credit	45	18
Steady source of working capital	120	48
Group solidarity and /or group dynamics	23	9.2
Easier guarantees than other loan alternatives	62	24.8
Total	250	100

Source: Field survey, 2011

4.5 Negative Views about the AKRB

Table 4.6 below indicates that 18 percent of the respondents do not like AKRB due to the perceived high interest rates while 6 percent showed dislike owing to the repayment policy. The perceived problematic group dynamics and the low loan size appear to be the source of dislike respectively for 3.6 percent and 8.4 percent of the clients. Furthermore, more than half of the respondents, i.e., 58 percent complained

about high interest rates, too small loan size and the repayment policy. The rest (6%) were not able to identify any negative perceptions regarding AKRB.

Table 4.6 **Negative Views AKRB**

No. of Years	Frequency	Percent
High Interest rate	45	18
Too small loan size	21	8.4
Repayment policy	15	6
Problematic groups dynamic	9	3.6
Do not know	15	6
High interest rate, small loan size, repayment policy	145	58
Total	250	100

Source: Field survey, 2011

Most of the respondents of the FGD in an in-depth interview did not have a source of credit before joining AKRB. Those who used to borrow money from private money lenders were encountering problems in the repayment policy and high interest rates. In addition, if the borrowers failed to settle their debts within the specified time, they suffered threats from the loan officers causing them serious stresses.

A 32 year old respondent, who is a widow, gave the following account during the Focus Group Discussion (FGD).

I borrowed money from a private lender for personal purposes.

He asked me to pay up even before the due date, threatening to double the interest if it extends beyond the new date He also threatened to

seize my household equipment if I did not comply with his directive.

I had to borrow money from other people to pay up the debt.

I suffered stress and my health started to deteriorate following the situation (FGD).

With the shift from private money lenders to AKRB, the latter currently play a great role and also relieve the clients from high interest rates and prevalent abuses. Relatives and friends cannot be a reliable source of credit as they might not have the money when needed. In addition, clients were afraid to take money from sources other than their friends and relatives for fear of gossips. In this regard, AKRB help them to get money when needed without fears of taking loans from individuals. The first step that AKRB should take in the empowerment of women is the delivery of capital. This would ultimately enable them to contribute to their households and communities (Cheston and Kuhn, 2002).

After joining AKRB, almost all of the respondents do not use any other source of credit. As explained before, this is because of AKRB appears to be a steady source of working capital. AKRB offers loan once the previous one has been settled and clients can borrow money at any time as far as they clear their debts on time.

Majority of the respondents also said that they liked AKRB due to the easier guarantee requirements compared to other sources. In addition, they found it hard to borrow money from banks or other loan services that required collaterals because most lack basic education, formal job, working capital, etc. AKRB made them form groups of four to five clients and allowed them to serve as guarantor/collateral role

for each other. Under this arrangement, if one member of the group failed to pay the loan, the other group members are supposed to settle the debt.

A 50 year old lady who is divorced explains how microfinance has helped her to improve her life.

I am not educated and did not have a job. I had to borrow money to start my own business but did not meet the collateral requirements for the loan. After joining AKRB and organizing as a group, I was able to secure loans and started my own business (FGD).

A widow of 34 years also had this to say regarding the role of microfinance in changing her life.

Following my husband's death, life was very much miserable and I had nobody who could provide me money through aid or loan. Fulfilling the collateral requirement to each other with other three women, I managed to get loans from the AKRB. The microfinance institution is really a lifesaver to the poor (FGD).

The above feedbacks are indications of the difficulties with access to loan outside of the AKRB for the uneducated and those who could not fulfil collateral requirements.

Cheston and Kuhn (2002) stated that microfinance institutions around the world have been quite creative in developing products and services that avoid barriers that have

traditionally kept women from accessing formal financial services such as collateral requirements, male or salaried guarantor requirements, documentation requirements, cultural barriers, limited mobility and literacy. Nevertheless, in a number of countries and areas few or no institutions still offer financial services under terms and conditions that are favourable to women.

As explained above, one of the great roles of AKRB is its easier guarantee requirements as it allows clients to get money by forming a group and be guarantor/collateral to each other. Although the advantage of such an arrangement is clear, it might also leave the clients in a disadvantageous position. This occurs when a group member fails to pay the debt making the rest of the group liable.

A 35 year old married woman recalled the consequence she faced as a result of the default of a group member.

When we joined AKRB all of us had agreed to settle our debts timely.

However, one of the members failed to repay the loan and we had to settle her loan on top of ours. The situation was very difficult (FGD).

The above indicates that although AKRB has relieved the clients from fulfilling collateral requirements and enabled them access to credit, they still bear burdens when a group member fails to settle debts as per the repayment schedule. In addition, despite its advantages, some of the clients still complained about the relative high interest rates, i.e., 16 percent interest on loans taken as compared to only 4 percent

made on savings with the AKRB. A 45 years old client who has been a member of the AKRB for eight years noted the following.

The interest rate applied by the AKRB is smaller compared to that levied by private lenders. However, the rate is still too much for me. In addition, the interest rate on loans taken is not comparable to the amount offered for savings. (FGD).

While the clients were grateful to the AKRB for the loans provided, they were not happy with the fact that interests were calculated on the base loan even while they were settling their debts. In addition, clients complained about the huge differences in the interest rates that were applied on loans and savings. Most of the participants in the FGD considered the loan offered as very small which was not adequate to start business or any other activity. A 35 year old lady who has been a member of the AKRB for the last six years had this to say.

In fact, the loan size increases as we settle the loan in full and take another. However, the loan still falls short of the amount needed to start business. It would be better if they could increase the amount of loan so that we are able to engage in our own business, earn better incomes and settle our debts more quickly (FGD).

As seen in the literature review section of the study, the MFIs usually offer small loan amounts. This small loan size impedes large capital investments and also limits their engagement in business activities.

4.6 Economic Impact of Microfinance

This section deals with the economic impact of microfinance on the clients. Participants were asked their level of income before and after they joined AKRB, the purpose for which they use the loans, the level of savings in comparison to the times before joining AKRB and their decision making powers on the loan secured. The replies received from the respondents are presented and analyzed below.

4.6.1 Level of Income

Table 4.7 shows that after joining AKRB, 20 percent of the respondents have acquired income up to GH. ¢100, while 26 percent have earned between GH. ¢ 101-150. The percentage of respondents that earned between GH.¢ 151 and 200 were 27.6 percent. Those who earned between GH. ¢201 and 300 were 13.2 percent, leaving the remaining 7.6 percent to those earning GH.¢ 300 and above per month. There were others however, who did not see any increase in their levels of income. Comparing the two levels of income indicate that some of the clients had managed to increase their incomes after they joined the AKRB although the levels of change were not so significant. Given the average levels of income in the Ghanaian household as GH¢1,217.00 based on the fifth round of the Ghana Living Standard Survey (2008), it can be concluded that the AKRB was able to raise the income of about 35 percent of the women up to the average, and push about 20 percent above the national average.

Table 4.7

Income Levels before and after AKRB

Level of Income	Before AKRB		After AKRB	
	Frequency	Percent	Frequency	Percent
Gh. ¢30 - 50	98	39.2	19	7.6
Gh. ¢55 - 100	72	28.8	50	20
Gh. ¢101 - 150	40	16	65	26
Gh. ¢151 - 200	26	10.4	69	27.6
Gh. ¢201 - 300	9	3.6	28	11.2
Gh. ¢300 +	5	2	19	7.6
Total	250	100	250	100

Source: Field survey, 2011

The marginal increase in income was also confirmed by participants of the focus group discussions. A 37 year old with an experience of three years with the AKRB stated as follows.

I was involved in small trade before joining AKRB. Following my membership in the AKRB, I was able to expand my business and settle my debts timely. My income has somehow increased after I joined the AKRB (FGD).

This trend was collaborated by ten other participants of the FGD during the discussions of the impact of AKRB on levels of income after the loan facilities by Atwima Kwanwoma rural bank.

As can be seen from the above cases, although marginal income increases have been recorded for all clients after joining the AKRB, the levels of change are not so significant to lift people from poverty. Some of the clients did not even experience

any increase in their levels of income. This is a confirmation of the position of Mayoux (2002), when he contended that the impact of microfinance on income has been observed to be variable. It appears that for the majority of borrowers income increases are small and even in some cases negative. This is due to the fact that most women invest in existing activities which are low profit and insecure. Cost of living since the publication of the GLSS 5 in 2008 has increased dramatically, and giving these low levels of income, it will take more than the microfinance to lift people out of poverty.

4.6.2 Use of Loans

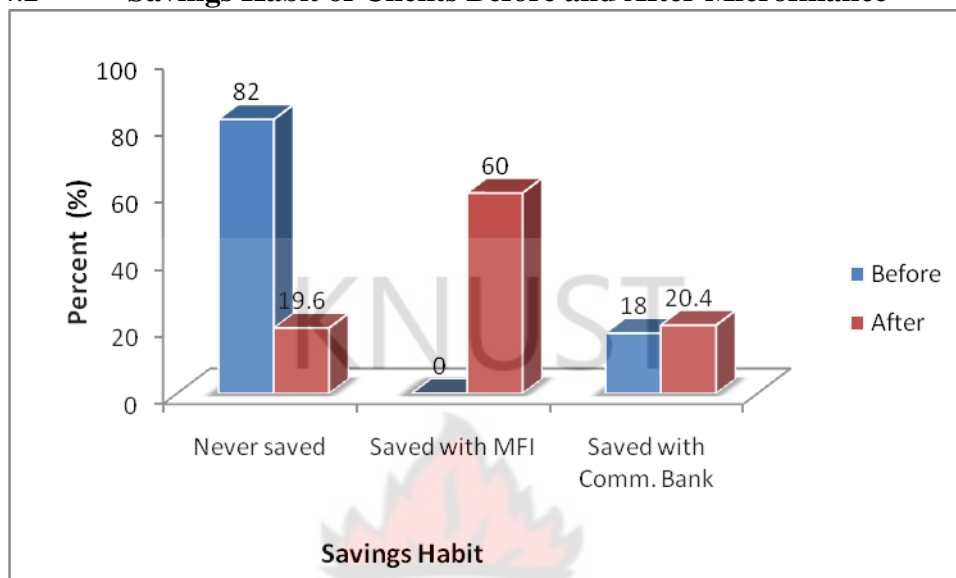
Majority of the respondents were engaged in petty trading. The loans they took were therefore invested in their trading activities. There were others who were previously unemployed but started some form of economic activity after joining the AKRB. Discussions during the FGD revealed that the participants were engaged in such trade as sale of vegetables, food crops, fish etc. There were those who sold cooked food like 'banku', 'rice and stew', 'gari and beans' etc. Others were artisans like seamstresses, hairdressers etc. There were a few who operated 'chop bars'

4.6.3 Savings by Clients

In Fig. 4.2, 60 percent of the respondents explained that they had managed to earn a small amount of money and open saving account in the AKRB after joining AKRB while 20.4 percent of them saved in the bank. The rest 19.6 percent did not have a savings account at all. However, before joining AKRB, only 18 percent of them had a saving account with a bank and the rest did not have their own savings account.

This indicates that the number of clients that have been able to save has increased after joining AKRB.

Fig. 4.2 **Savings Habit of Clients Before and After Microfinance**



Source: Field survey, 2011

As per the FGD, the majority of the respondents indicated they had savings account in the AKRB but were not aware of the amounts they had and the applicable interest rates. In some cases the clients withdrew all or some amount of their savings, and then they would start all over again to save. The respondents explained that they had very small amount of money on hand prior to joining AKRB which they were ashamed to lodge at the bank. In addition, they did not have the time to go to the bank before becoming members of the AKRB. They reiterated that it became possible for them to save because the AKRB had agents who came round to collect their daily/weekly savings.

4.7 Decisions on Credit

In Table 4.8 below, 62.4 percent of the respondents indicated that they managed and made decisions by themselves alone on the loan they received from AKRB. The

remaining 37.6 percent however jointly made decisions with their husbands. This shows that the decisions pertaining to the loan secured from AKRB are made either by the women alone or jointly with the husband.

Table 4.8 **Decision Making Regarding AKRB**

Decision Maker	Frequency	Percent
Myself (alone)	156	62.4
My husband and myself	94	37.6
Total	250	100

Source: Field survey, 2011

The results of the focus group discussion also showed a similar situation as to the role of the wife and the husband in such decisions. Those who decided by themselves gave two reasons for this. The first was that some of the women did not tell their husbands about their membership of AKRB and loans taken from the AKRB for fear that their husbands might stop giving them money for household expenditure. Others also indicated that their husbands were aware but did not take part in the decision to take the loan or its repayment. A 30 year old lady stated that:

My husband knows that I use the money secured through AKRB to support the family. He basically has no say on the money. I decide on the money and hold sole responsibility for the repayment (FGD).

On the other hand, there are cases where the husband fully participated in the taking and repayment of the loan as well as the management and decision about it. A 45 years old woman explained as follows.

We discuss and jointly decide on all issues. I joined the AKRB with his full support and jointly decide on the money. We also share the responsibility of debt repayment (FGD).

This shows that the credit is utilized and managed either by the wife alone or jointly by the wife and husband but not by the husband only. It can also be said that those who did not tell their husbands about the loan have two dimensions. The first dimension is those who believed that their husbands would refuse to allocate money for household expenditure once the wife became a member of AKRB. The second dimension is that as the husband is also required to settle the loan, problems might occur in the family if the wife does not manage to pay back the money taken.

Two important points can be inferred from the above results. First, the fact that women make sole or joint decisions on the use of incomes generated through microfinance is a good start point for their empowerment. Secondly, women who do not tell their husbands about their involvement in AKRB might encounter family problems in the event they failed to repay their debts.

It can be said that AKRB has provided opportunities for self employment through the delivery of microfinance. As a result, the clients' incomes increased although the amounts were small. Improvements were also observed in clients' saving practices. Furthermore, the women have managed to decide on the loan either by themselves or jointly with the husbands. However, the situation was not the same for all clients. There were clients whose incomes remained the same or who did not save money or even did not engage in any business after joining the AKRB. Nonetheless, looking at some of the clients, participation in AKRB had a positive sign towards economic empowerment. According to Mayoux (2002), women's access to savings and credit gives them a greater economic role in decision-making through their decision about savings and credit. 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 assertion seems to be confirmed by the analysis of the economic impact of microfinance scheme of Atwima Kwanwoma rural bank.

4.8 Social Impact of Microfinance

4.8.1 Level of Participation in Decision Making in the Household

Table 4.9 Level of Participation in Decision Making within the Household

Level of Participation	Before Microfinance		After Microfinance	
	Frequency	Percent	Frequency	Percent
Very high	17	11	43	27.7
High	28	18	75	48
Low	75	48.4	22	14
Very Low	35	22.6	16	10.3
Total	155	100	155	100

Source: Field survey, 2011

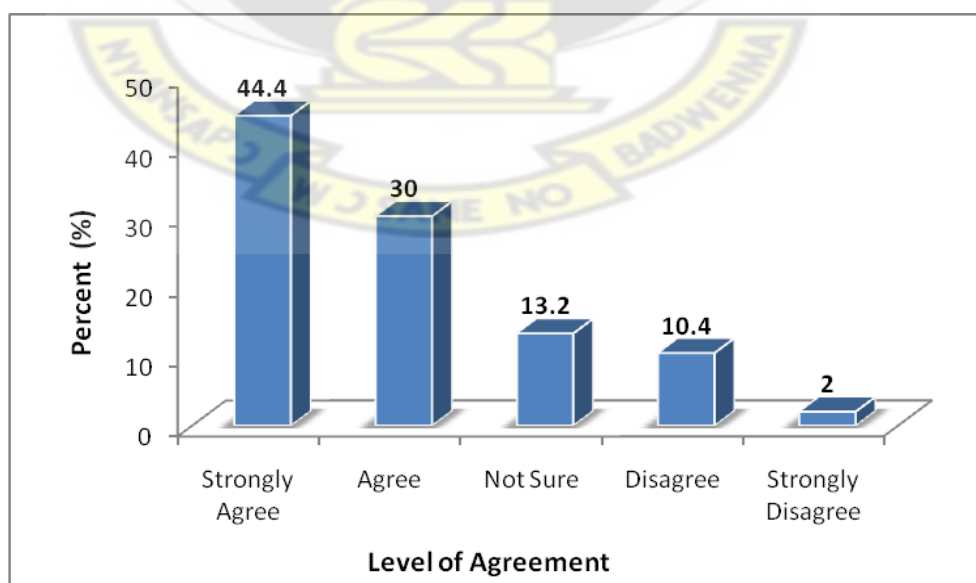
When respondents who were married were asked about their levels of participation in decision making in the household, 11 percent indicated it was high before joining the scheme. However, this number doubled after joining the scheme. Table 4.9 therefore gives an indication of a greater participation of women in decision making within the household after improvement in economic activity and subsequently increase in income. When respondents were asked about specific decisions that they partook of, mention were made of decisions affecting children, the upkeep of the whole family, family expenditure pattern and preferences. This confirms Cheston's (2002) assertion that women's ability to influence or make decisions that affects their lives and their

futures is considered to be one of the principal components of empowerment by most scholars.

Self-confidence is one of the most crucial areas of change for empowerment, yet it is also one of the most difficult to measure or assess. Self-confidence is a complex concept relating to both women's perception of their capabilities and their actual level of skills and capabilities. It is related to Kabeer's concept of agency that allows women to define and achieve goals as well as the sense of power women have within themselves. Data collected indicate that as many as 75 percent saw an improvement in the self confidence and self esteem (Fig. 4.3). Self-esteem and self-confidence are closely linked with knowledge as well. Fifty-four percent of the clients reported an increase in their level of knowledge about issues that affect themselves and their families, and 38 percent of clients reported an increase in business knowledge (Fig. 4.4).

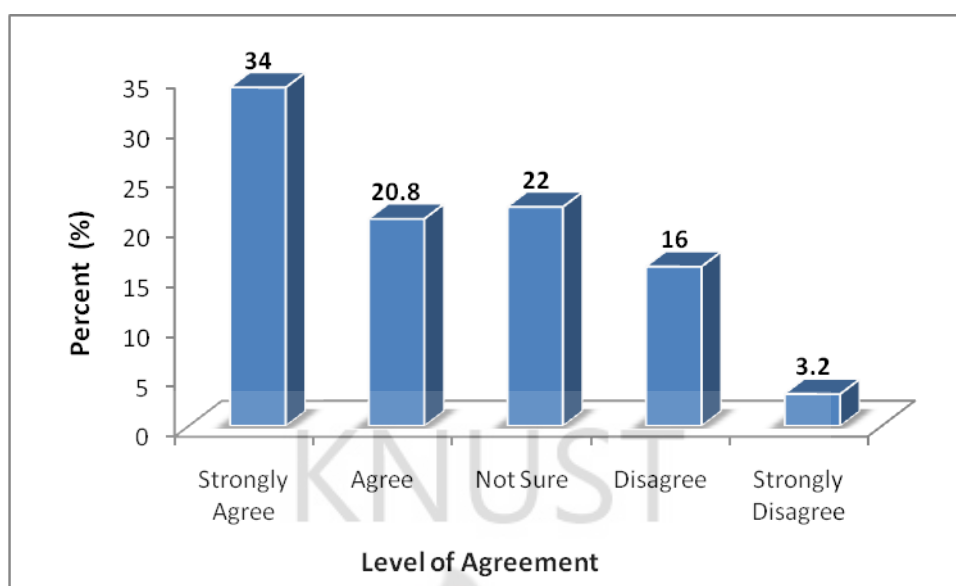
Fig. 4.3

Increase in Self Confidence



Source: Field survey, 2011

Fig. 4.4

Increase in Knowledge

Source: Field survey, 2011

Officials of AKRB indicated that they had observed improvements in women's status in the communities they operated, especially those on their schemes. Contributing financial resources to the family or community confers greater legitimacy and value to women's views and gives them more entitlements than they would otherwise have. Studies of microfinance clients from various institutions around the world show that the women themselves very often perceive that they receive more respect from their families and their communities—particularly from the male members—than they did before joining a microfinance programme. Where women have the freedom to move about publicly, their success in business is often highly visible in the community. Their success can pave the way for them to become respected and valued members of society. When participants of the Focus group discussion were asked if this was the case, their answers were affirmative. In fact one woman said that

Before the credit support we never even mingled a lot with those who were well-to-do. We were solely dependent on our husbands. Now group activities and

the intensive training from the AKRB scheme have opened our eyes. We now know that we are better in business than most men. Some of us serve as inspiration for a lot of other women because they come to us to ask us about how we made it.

4.9 Challenges of Microfinance

Notwithstanding the positive impact of the microfinance schemes being operated, respondents enumerated several issues that in their opinion were critical to their success in managing the credit offered and even the profitability of the ventures they engaged in. These issues are outlined below.

4.9.1 Loan Repayment

Atwima Kwanwoma Rural Bank (AKRB) required weekly repayments. Loans were required to be repaid in instalments over a period of 16 weeks. The women had a reservation about the repayment grace period after receipt of loans. AKRB offered a grace period of one month for their members. Loan repayment issues provoked passionate protests amongst the respondents during the interviews. With regard to the issue of repayment interval, unanimous comments from respondents indicated that the repayment interval was too short. They complained that the repayment period was too tight and that they wanted the two-weekly repayment interval instead of a weekly one.

4.9.2 High Interest Rates

AKRB charged interest of 51% (flat) on loans. This converts to over 150% APR. Staff attributed the rather high interest rate to huge cost incurred in managing the intervention. The interest rates charged by AKRB compared with that of 25% APR and 32% APR charged by orthodox banking institutions (BOG, 2008) and between

100% and 120% charged by moneylenders (Buckley, 1997). The researcher was unable to obtain independent confirmation of the level of interest that service users actually paid.

Knowledge of the level of interest rates charged on loans was very limited among service the women clients. When asked about the level of interest charged on loans, most of the interviewees responded they did not know. However, some respondents, especially, the educated ones knew the total amount of interest they paid. For example, a client claimed that for every GH¢100 they took as loan, they paid interest of GH¢20 in a repayment period of 16 weeks. Another respondent also claimed she paid almost GH¢40 interest on a loan of GH¢300. Other reasons for clients' limited knowledge could be the lack of transparency in interest rates, especially the common practice of charging flat interest instead of using the reducing balance method (APR). This strategy almost doubles the effective interest rate (Harford, 2008). The high level of illiteracy among microfinance users implied that they were unable to comprehend how much interest rate they actually paid.

4.9.3 Other Charges and Deductions

Charges and deductions are payments made by clients to microfinance institutions through actual cash payments or deductions from the loans. AKRB required that members save for a period of time before they were granted loans. Staff of AKRB claimed that the frequency and quantum of the savings was a determinant of the amount of money granted as loan. Some of the respondents commented that there was pressure to increase the amount and frequency of savings in order to create the impression of being more creditworthy and attract bigger loans. In reality, however,

they said, they received the same amount of loan during the first cycle. Members as a result could sometimes have large amounts of money locked up in that sort of compulsory savings.

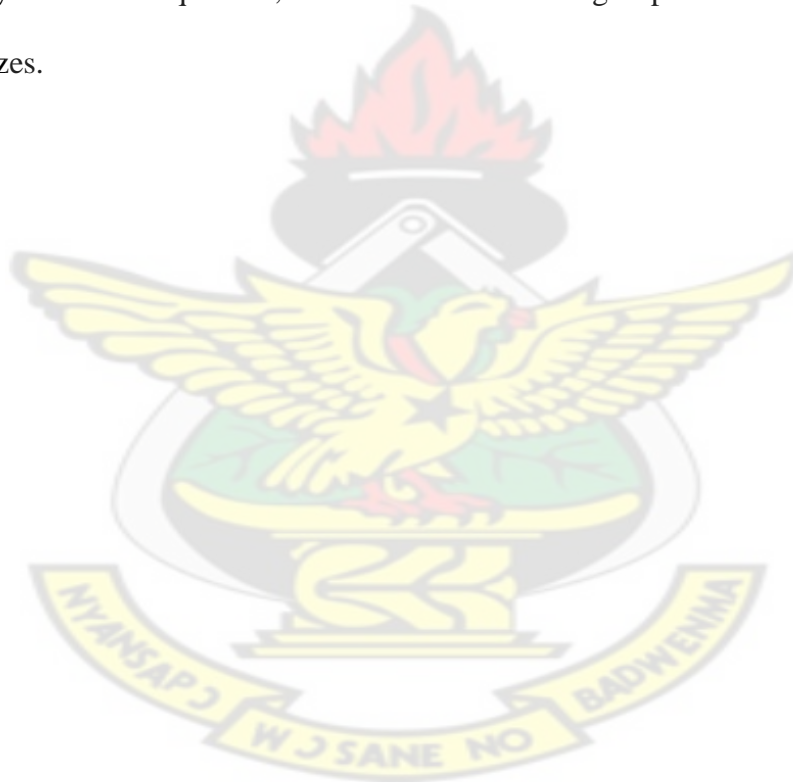
Apart from the interests there were fees deductions such as loan application fee; processing fee; training fee and compulsory savings. Staff stated that a loan application fee (GH¢5) and training fee (GH¢2) were required at the commencement of each cycle. A processing fee of 3% was also deducted from loans. Some respondents complained about having to pay training fees every time they began a new cycle when they had undergone the same training on numerous occasions during previous cycles. Respondents protested that too much money was being deducted from their loans.

In addition to deductions and charges mentioned above, staff of AKRB said that from every loan granted, AKRB made a 10% compulsory deduction as loan guarantee. Many of the members grumbled that this deduction severely reduced the amount available to them. Total deductions amounted to about 20% of loans they were given and yet they had to pay interest on the total loan amount. Members thought the fact that they were jointly liable for loans should have been precluded any compulsory savings or loan guarantee.

4.9.4 Joint Liability

Joint liability essentially implies microfinance institutions shifting much of the burden of monitoring, enforcement and loan default onto groups. In other words, it meant groups members had to shoulder the liability of loan repayment of their peers on behalf of the intervention. Both interventions applied joint liability as a form of

social collateral. Interviewees who were in groups with high default rates expressed concern about having to pay the debts of others. When asked about what they thought about the issue of joint liability, some of the respondents bitterly asked why they should be made accountable for loans taken by others. Another issue that most interviewees complained about had to do with being liable for relatively bigger loans others members had taken. For instance, some AKRB members complained about the fact that they had to co-guarantee loans of other members who had taken about twice the size they had received. There were suggestions that if the strategy of joint liability was to be equitable, then members of each group should be offered similar loan sizes.



CHAPTER FIVE

5.0 Summary of Findings, Conclusion and Recommendations

5.1 Introduction

The main objective of this thesis was to assess the extent to which microfinance contributes to women empowerment in economic and socio-culturally at household level. This section presents the significant findings of the various questions raised in section 1.2.

5.1 Summary of Findings

In addition to being a human rights issue, the empowerment of women is necessitated because of the fact that women are generally more vulnerable to poverty and it is a basic condition for development. The empowerment of women is also fundamental to bring about changes in areas such as health and finance in the family and the society at large. The delivery of microfinance is one of the approaches to the empowerment of women.

The results of the study revealed that the clients have a favourable perception of the microfinance institution because it is viewed as a steady source of working capital with lower interest rates than other informal sources of credit and guarantee requirements in comparison to the informal sector. On the negative side, clients consider the loans offered by the institution as too small, its repayment policy inflexible and with problematic group dynamics. The clients are also not happy with the high interest rate levied on loans in comparison to that applied on savings.

The Atwima Kwanwoma Rural Bank operates microfinance schemes. They operated the trust bank lending where potential beneficiaries were made to form groups to access loan facilities. The study also identified the susu system where the poor women made daily contributions, based upon which loans were granted. There was again the 'Dwetire Group Loans' scheme that targeted women in productive activities but who lacked the necessary capital were identified and capitalised.

In terms of how these schemes have been implemented, it was found that bank officials undertook outreach programmes in communities within the district to educate them about the various schemes and products the bank operated. Interested members of the communities were encouraged to form groups in order to access loans. Officials stressed that group formation was by self selection, group members were located in one area, and group sizes should be between 8 and 15.

Although the results vary, the study indicated that the delivery of microfinance has resulted in income increases for some of the clients. While a few of the clients use their earnings for the purchase of food items, the research revealed that most employed the incomes to start their own business, usually small trade. Furthermore, the majority of the clients have been able to generate money savings after joining the institution. It has also been found out that decisions pertaining to the money secured through credit and the resulting incomes are made either solely by themselves or jointly with the husband. The above results indicate that the delivery of microfinance has shown positive signs towards the economic empowerment of the women.

The results have shown that women mostly tend to spend incomes generated through microfinance for family purposes. The results of the study revealed an enhancement in the decision making power of women. Generally, the economic empowerment brought by microfinance has brought about changes in decision making powers of the women at the household level.

The women's self-confidence in relation to their capabilities to work on their own and improve their lives has improved after their participation in microfinance. The development of self-confidence and the increasing knowledge acquired through training in credit management, business management and savings are considered to be a positive step towards their empowerment.

The operations and management of the schemes did not come without shortcomings. It was found that beneficiaries had problems with the repayment plan of the loans. They complained that interest rates on loans given were high compared to very low interests on savings made by clients. Another problem identified was the fact that there were a lot of charges and deductions on loans taken from the bank. These charges reduced the amount due borrowers, even though the interest was charged on the whole amount. Clients were also not happy about the joint liability of default payment.

5.2 Conclusion

Microfinance plays a significant role in the economic empowerment of women. Through the provision of loans to women, particularly to the poor, uneducated and who are not able to fulfil the collateral requirements laid down by other lending

institutions, microfinance enables them to be self-employed. Consequently, some of the women have managed to increase their incomes, although in small amounts, and improve savings. In addition, the decision making powers of the women on the loan secured from the AKRB has enhanced following their participation in microfinance. The above findings indicate that the delivery of microfinance had positive impacts in the economic empowerment of the clients, although the income increases were small.

Furthermore, access to microfinance has resulted in a significant changes in the gender relations at the household level and the attitude of the husband towards the women's contribution to the household. The impact of microfinance in enhancing the women's decision making powers was also significant.

All in all, the delivery of microfinance had positive impacts in the economic empowerment of the clients, although the income increases were small. Participation in microfinance has also enhanced the women's self-confidence and enabled them to realize their potentials to engage in business and improve the household which is positive sign of empowerment. It has also brought about the desired socio-cultural empowerment of women within the household.

5.3 Recommendations

1. Within AKRB and other MFIs, gender issues need to become not only part of their mission statement but also of their social intermediation packages. AKRB will need to widen their training packages beyond loan management. They will also need to customize their delivery mechanisms, such as in the loan cycle, loan terms, lending methods, loan management, loan performance

monitoring, and investing in policy issues that help safeguard gender equality.

2. Institutionalize (empowerment) impact assessment to hold AKRB gender accountable. For various reasons, AKRB and many other MFIs tend to avoid impact assessments. If ever they conduct such an assessment, it is merely a formality to account to their share holders and not to the government or beneficiaries. Yet, the government has consented to the profitability indicators as a valid way of MFI's accountability. As a result, only a financial audit, which in itself is institutionally-centred, is popular among MFIs. Take a case where an MFI made an abnormal profit but at the expense of having many clients in courts because of loan default, clients are deprived of the few assets they had acquired, and women who ended up with failed marriages. Such socially important indicators can only be exposed by integrated MFI performance assessment that captures both financial and client satisfaction. AKRB should, therefore, be engaged in conducting routine impact assessment both for credibility purposes (internal to the organization) and accountability (to shareholders, the government, and clients).
3. There should be an effort to adopt an integrated approach to build client-AKRB sustainability. While many of the rural banks continued to reap increased revenues and loan portfolios, the clients simply had insignificant well-being gains. This manifestation reveals that the current policy of expanding outreach with financial self-sufficiency exploits clients to meeting institutional interests. Although desirable, Rahman (2004) rightly noted that

such an approach disconnects the vehicle (microfinance) from its passengers (the poor clients) and their destination (poverty reduction). Such an approach lacks long-term sustainability. As clients realize that they are debt-dependent and are patronized by the banks, their loan uptake and repayment deteriorate. Group solidarity weakens and client exit increases. This means a re-direction into other livelihood activities on the part of the clients and business slumps for the bank. Inherently, there is need to ensure that the clients prosper in their businesses so that, with the contingent renewal principle, they take more and bigger loans that in turn increase the profit margin for the banks.

4. There is a need for human capital development of women entrepreneurs so as to improve market access and financial information flows. There should be intensification of the functional literacy programme for adults being run by the non-formal Education Division (NFED) of the Ministry of Education; together with the Department of Cooperatives, the Department of Community Development and agricultural extension services, more illiterate and rural women need to be sensitized and psyched up through financial literacy campaigns so as to change their negative perceptions of borrowing from formal sources. These agencies should strengthen their collaboration with one another. Financial literacy will empower women as it will make them understand financial service requirements better and improve their ability to obtain full amount of loan applied for and take advantage of savings and other microfinance services.

5. To make the financial literacy more effective, there should be an improvement of the FCUBE policy which seeks to keep girls in school. In addition, there should be implementation of a secondary school policy that encourages more girls not to drop out so as to make more women become and stay literate.

6. To make rural women more credit worthy, the business practices of rural women, particularly record-keeping and planning should be improved. This can be done through finance education. Adequate planning is the key to financial success; women's business practice should change from thinking about subsistence to thinking about expansion. Attitudinal change is the key to inclusiveness in open systems.



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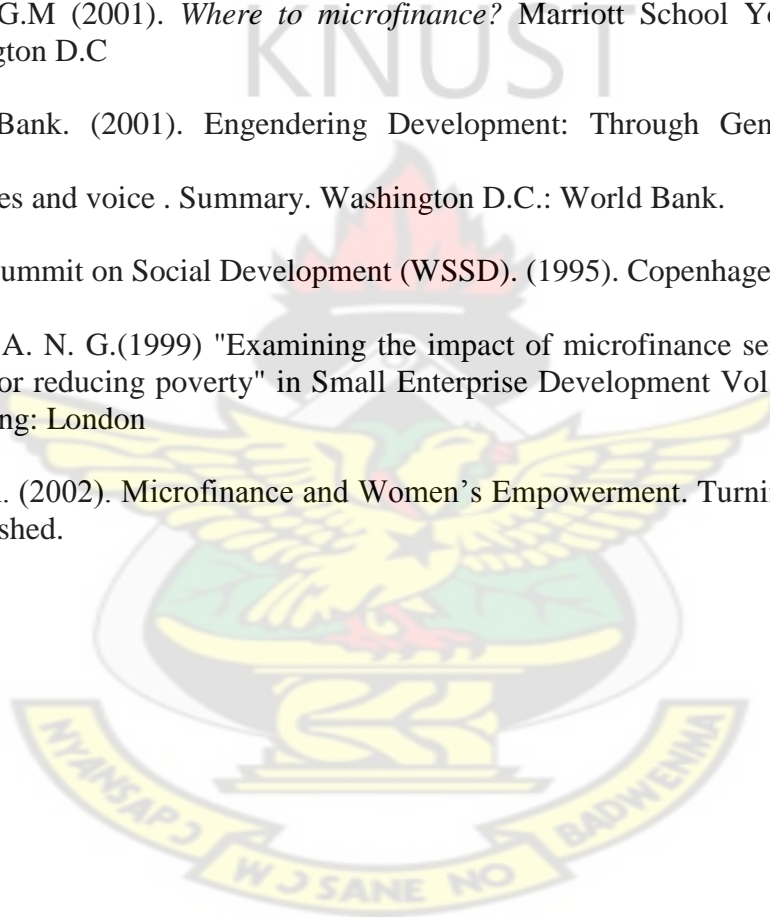
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APPENDIX A

**INSTITUTE OF DISTANCE LEARNING
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
COMMONWEALTH EXECUTIVE MASTERS IN BUSINESS
ADMINISTRATION**

This questionnaire is being administered by Bismarck Kue-Duke A Commonwealth Executive Masters in Business Administration (CEMBA) final year student of KNUST Institute of Distance Learning, for a thesis on the topic “Micro Finance and Women Empowerment: A case study of Atwima Kwanwoma Rural bank Limited at Atwima Kwanwoma District in Ashanti Region-Ghana” Data collected shall be treated with the necessary confidentiality and will be used solely for academic purposes.

THE ROLE OF MICROFINANCE IN THE EMPOWERMENT OF WOMEN, A CASE STUDY OF ATWIMA KWANWOMA DISTRICT

FOCUS GROUP DISCUSSION

Age _____

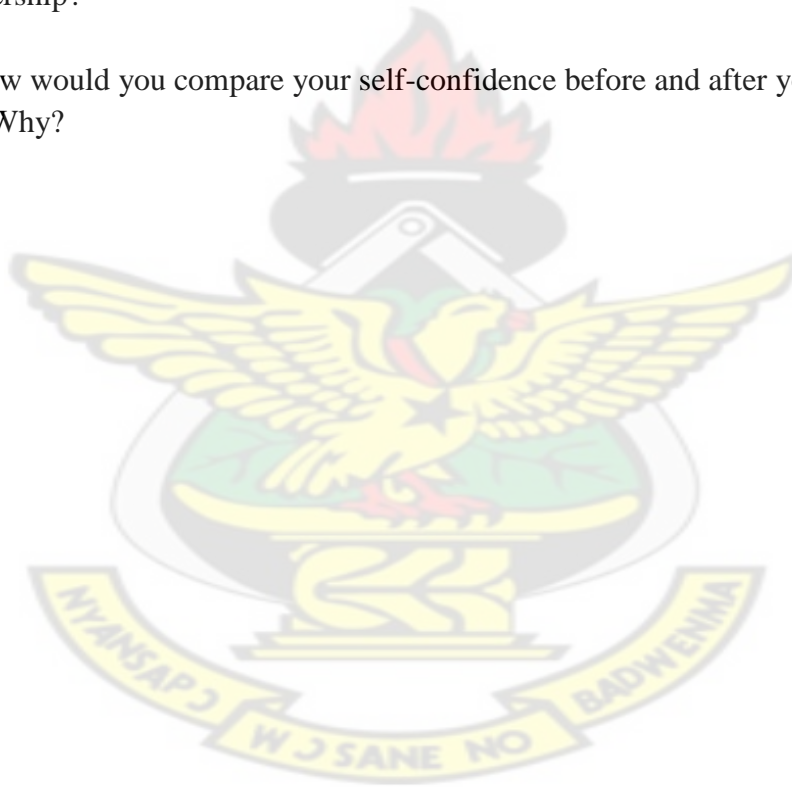
Marital Status _____

Level of Education _____

Duration of Microfinance (MFI) Membership (In Years) _____

- 1) From where did you heard about the Atwima Kwanwoma rural bank’s microfinance scheme before you joined it? What were things you heard about the institution?
- 2) Before joining the Microfinance Finance Scheme (MFS), where did you use to borrow money from? If you had a source of credit, please explain the differences between the previous and the current source of credit.
- 3) What in your opinion are the positives and negative aspects of the MFS?
- 4) What is your current income level in comparison to the one prior to joining the MFS? What about your savings?
- 5) Who decides on the use of the loan you take? How do you spend the loan?
- 6) What income generating activity were you engaged in before and after joining MFS?

- 7) How did the loan impact on your business activity?
- 8) How much were you earning before joining MFS?
- 9) How much were you after injecting new capital into your business?
- 10) Who is the head of your family? How do you view your husband's attitude towards your contribution to the household before and after you joined the MFS?
- 11) How do describe your husband's cash expenditure before you and after you joined the MFS? If you have noticed any change, what do you think are the reasons for it?
- 12) Is there any change in your household decision making power after your MFS membership?
- 13) How would you compare your self-confidence before and after you joined the MFI? Why?



APPENDIX B

INSTITUTE OF DISTANCE LEARNING KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COMMONWEALTH EXECUTIVE MASTERS IN BUSINESS ADMINISTRATION

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THE ROLE OF MICROFINANCE IN THE EMPOWERMENT OF WOMEN, A CASE STUDY OF ATWIMA KWANWOMA DISTRICT

STRUCTURED QUESTIONNAIRE

1. Age1.
 1. 20 – 24 []
 2. 25 – 29 []
 3. 30 – 34 []
 4. 35- 40 []
 5. 40 + []
2. Marital Status
 1. Married []
 2. Widow []
 3. Divorced []
 4. Single []
3. Level of Education
 1. Illiterate []
 2. Read and Write []
 3. Primary Level []
 4. Secondary Level []
4. How long have you been a member of the MFS?
 1. Less than 1 yr []
 2. 1 – 3 yrs []
 3. 4 – 6 yrs []
 4. 7+ yrs []

5. What was your source of information about AKRB's MFS?
 1. People []
 2. Radio []
 3. AKRB []
 4. Other []

6. What was your source of credit prior to joining the MFI?
 1. Private money lenders []
 2. Relatives/Friends []
 3. Susu []
 4. No Means []

7. Why do like the loan facility from AKRB
 1. Low interest rate than other informal sources of credit []
 2. Steady source of working capital []
 3. Group solidarity and/or group dynamics []
 4. Easier guarantees than other loan alternatives []

8. What are the limitations of the MFS?
 1. High interest rate []
 2. Too small loan size []
 3. Repayment policy []
 4. Problematic groups dynamic []
 5. Do not know []
 6. High rate, small loan size, repayment policy []

9. What was your level of income before joining MFS?
 1. Gh. ¢30 – 50 []
 2. Gh. ¢55 – 100 []
 3. Gh. ¢101 – 150 []
 4. Gh. ¢151 – 200 []
 5. Gh. ¢201 – 300 []
 6. Gh. ¢300 + []

10. What is your level of income after joining the MFS?
 1. Gh. ¢30 – 50 []
 2. Gh. ¢55 – 100 []
 3. Gh. ¢101 – 150 []
 4. Gh. ¢151 – 200 []
 5. Gh. ¢201 – 300 []
 6. Gh. ¢300 + []

11. For what purpose (s) did you use the loan secured from the AKRB?

- 1. Purchase of food item []
- 2. Business/trade []
- 3. Other []

12. Where did you save your money before joining the MFS?

1	Save in MFI	
2	Save in Bank	
3	Never saved	

13. Where do you save your money after joining the MFS?

1	Save in MFI	
2	Save in comm. Bank	
3	Never saved	

14. Who makes decisions pertaining to the use of loan secured through MFS?

1	Myself alone	
2	My husband and myself together	
3	My husband	

15) What was your level of participation in decision making process before joining the MFS?

1	Very high	
2	High	
3	Low	
4	Very Low	

16. What was your level of participation in decision making process after joining the MFS??

1	Very high	
2	High	
3	Low	
4	Very Low	

17. My level of self-confidence has increased after joining the MFS?

1	Strongly Agree	
2	Agree	
3	Not Sure	
4	Disagree	
5	Strongly Disagree	

18. My level of knowledge has increased after joining the AKRB's MFS?

1	Strongly Agree	
2	Agree	
3	Not Sure	
4	Disagree	
5	Strongly Disagree	

19. Are you comfortable with the repayment plan of loans taken?

1. Yes [] 2. No []

20. If no, why?.....

21. Are you aware of the interest rate you earn on your savings?

1. Yes [] 2. No []

22. Is it adequate compared to interest you pay on loans?

1. Yes [] 2. No []

23. What other problem do you encounter with the microfinance scheme?

.....
.....
.....
.....

APPENDIX C

**INSTITUTE OF DISTANCE LEARNING
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
COMMONWEALTH EXECUTIVE MASTERS IN BUSINESS
ADMINISTRATION**

*THE ROLE OF MICROFINANCE IN THE EMPOWERMENT OF WOMEN, A CASE
STUDY OF ATWIMA KWANWOMA DISTRICT*

**QUESTIONNAIRE FOR ATWIMA KWANWOMA RURAL BANK
OFFICIALS**

1. When was the bank established?.....
2. Do you operate microfinance schemes?
.....
3. What specific microfinance scheme does the bank operate?
.....
.....
4. What are the characteristics of the microfinance schemes?
.....
.....
.....
5. How are beneficiaries chosen?
.....
.....
6. What specific group of women benefit from the scheme?
.....
.....
7. Apart from credit facilities, what other support does the bank give its
beneficiaries?
.....
.....
8. What is the repayment plan for loans given to clients?
.....
.....