

**EMPOWERMENT OF RURAL WOMEN: THE ROLE OF
MICROFINANCE INSTITUTIONS.**

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STATEMENT OF AUTHENTICITY

We hereby declare that this submission is our own work towards the award of a degree in BBA (Banking and Finance) and that; to the best of our knowledge, the research contains neither materials previously published by another person nor materials which have been accepted for the award of any other degree of the University College except where due acknowledgement has been made in the context.

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ABSTRACT

The study is a critical examination of the role of Micro Finance Institutions in the empowerment of the rural women in Ghana's economic development. The general objective of the study is to assess and evaluate the contribution of microfinance institutions to the empowerment women with particular emphasis on women in the rural of areas Ashanti region.

However, both primary and secondary data was used in gathering information for the study. The secondary data came as a review of documented materials, while the primary data was obtained with the help of questionnaire and were administered to the women with the help of the researcher, who helped the uneducated ones to fill the questionnaire by explaining the questions to them. A total of 150 questionnaires were distributed. Simple statistical techniques such as descriptive statistics including tables, graphical presentations such as line graph and bars were used in analyzing and summarizing the data.

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

DEDICATION

We dedicate this study to the glory of God Almighty for whose inestimable kindness and blessings has bestowed upon us throughout our years.

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LIST OF ABBREVIATIONS

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

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

CHAPTER ONE

INTRODUCTION

1.1 Background

Empowerment of women is one of most important issues in developing country. Women are an integral part of the society, their participation in decision making through their participation in the economic activities is very low. Microfinance plays a significant role in the improving women decision making through participation in economic activities. This study is an attempt to explore the socioeconomic determinants of women empowerment, focusing on the rural women who have availed to micro-credit. Putty (2003) defines women empowerment as developing them as more aware individuals, who are politically active, economically productive, and independent and are able to make intelligent decisions in matter that affects them and their nation. Women workforce throughout the world contributes to the economic growth and sustainable livelihoods of their families and communities. The role and importance of women in the national economy through child nurturing and other household obligations cannot be over emphasized in terms of their contribution to Gross Domestic Product (GDP) and the development of the nation as a whole. Most financial institutions are reluctant to lend money and mobilize savings for women. This is based on the perception that women are unable to control household income, have limited access to property and fewer source of collateral. According to the Financial Women's Association (FWA 2007) "Microfinance generally targets poor women because they have proven to be reliable credit risks and when they have the financial means, they invest that money back into their families, resulting in better health, nutrition and education as well as stronger local economies. Microfinance programmes are currently being promoted as a key strategy for simultaneously addressing both poverty alleviation and women's empowerment.

Literature prepared for the Microcredit Summit Campaign presents an extremely attractive vision of increasing numbers by expanding micro-finance programmes which give many women access to microfinance services. According to the State of the Microcredit Summit Campaign 2012 Report, the number of poorest women reached has increased from 10.3 million to 113.1 million from 1999 to 2010. The Report also highlights the number of poorest women reached. Not only have these women been the most excluded from traditional banking, but they are also the ones most likely to ensure that the increased income is used to improve the lives of their children and this show a significant impact in the live of women in the world. Women have now gained an international reputation for their excellence credit performance making a priority for poverty oriented credit program.

The United Nations General Assembly in 1998 declared the year 2005 as the international year of micro credit in enhanced recognition to the role of microcredit in the eradication of poverty, its contribution to social development and its positive impact on the lives of people living in poverty around the world. One of the key measures identified by the UN as an effective way of reducing extreme poverty and hunger is increased access to micro credit and financial services among the poor, particularly women (Dowuona S., 2005).

Over the last one decade, the Government of Ghana (GoG) has come to realize that microfinance is the remedy for reaching out to the poorest of the population who are most difficult to reach through conventional banking interventions. Indeed micro credit can be used to fight poverty because of its effectiveness as a tool for generating employment through the acquisition of appropriate business management skills, which in turn leads to increased income levels and improved standards of living (GIMPA report, 2005).

1.2 Problem statement

In recent times, there has been so much talk on the Ghanaian media about women empowerment and educating the girl child. The question is “What is the motivation behind all this?” The answer is simple; to promote the feminine gender that has been relegated to the background and deprived of many social benefits. Women have contributed immensely to the development of the Ghanaian economy. Typical examples are the first woman Chief Justice in Ghana, Her Ladyship Mrs. Justice Georgina Theodora Wood, the first woman Speaker of Ghana’s Parliament, Mrs. Justice Joyce Adeline Bamford Addo, the late Dr. (Mrs.) Esther Afua Ocloo, who is both the founder of Nkulenu Factory and the Association of Ghana Industries, Estelle Akofio Sowah, Managing Director of Bush Internet, Nana Adwoa Awenor, Chief Executive Officer of Premier Production and Afia Ansaa Ampene (Hostess, Mmaa Nkomo) her immense contribution towards empowering women in rural and urban Ghana.

Women make up a large proportion of microfinance beneficiaries. Traditionally, women especially those in the rural areas have been unable to readily participate in economic activities. Microfinance provides women with the financial backing they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision making thus encouraging the gender equality. Women empowerment especially those in the rural areas has become a developing concept that brings a better society. Micro-finance has helped women manage their triple roles as mothers, wives, and businesswomen. Women encounter several challenges in life, especially in the family circle where they also have to support their mates in family responsibilities. If she is a widow, she handles these family responsibilities all alone. In handling these challenges successfully, the rural woman finds herself engaging in various enterprises just to support the family and also the ever increasing

needs of her customers. The rural areas are the convergence points of people with different needs and demands that have to be satisfied. This involves funds and this has resulted in the establishment of financial institutions offering funds to such women. Such funds, known as ‘microfinance’ is to help women to either establish their own businesses or expand existing ones.

This study is to investigate the empowerment of rural women through microfinance.

1.3 Objectives of the Study

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

Specifically, the study aims to;

- Identify various micro-finance services offered by the micro-finance institutions
- Assess the level of satisfaction with regards to micro-finance services to the rural women
- Determine challenges that rural women face in accessing loans from financial institutions.
- Assess the extent to which micro-finance can be a tool for poverty alleviation among rural women.
- Evaluate and analysis the level of impact of the micro-finance services on the livelihoods of the rural women.
- Identify the constraints encountered by the micro-finance industry in poverty alleviation and how best they can be resolved.

1.4 Research Questions

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

- What types of services are provided by MFIs besides ash credit?
- What is the impact of micro finance on the living conditions of beneficiaries?
- How do rural women prefer MFIs to commercial banks?
- What challenges face micro-finance institutions in Ghana?
- How efficiently is microfinance fighting poverty in the lives of rural women?
- Are the services provided by the MFIs satisfactory to the rural women?

1.5 Significance of the Study

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

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

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

Opportunity International Saving and Loan Ltd (OISL), Sinapi Aba Trust (SAT) and E-Life Development Agency (ELDA), among others since their establishment have

operated a micro credit scheme for micro entrepreneurs. The scheme has seen a steady progress in terms of reach, coverage and accessibility. This study therefore, offers the opportunity to evaluating the activities of micro-finance institutions whether or not they serve a measure of empowering women in rural areas.

This study is important because;

- ✓ It will enable micro-finance institutions to draw out strategic management information to better orient themselves to improved their financial performance and sustainability. Also, it will help them to know whether their products and services are having positive impact on rural women empowerment.
- ✓ To policymakers and stakeholders the study will help them to gain a better sense of direction they need to take and how they collaborate to reach a greater number of people through the design of better products and service, and the promotion and establishment of an environment conducive to the growth of MFI sector.
- ✓ It will bring to light the relevance of MFIs in the financial sector of the economy. This will help the GoG and NGOs to ascertain which category of the financial institutions has the potential to reach out the poor especially women in the rural settings.
- ✓ The study will also serve as source of information to students, academia and researchers on similar or related topic as basis for literature review.

1.6 Scope of the study

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

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

1.7 Limitation of the study

The study of the impacts on the intended beneficiaries was limited to only Maaban and Kenyasi within Kejetia branch of OISL, Bekwai and Kokofu also within the Obuasi branch of SAT and Mampong and Agona within the Ashanti-Mampong Branch of ELDA were selected due to time, financial and other logistical constraints.

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

1.8 Organization of study

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

Chapter one: Introduction

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

Chapter two: Literature Review

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

It provides the general definitions of microfinance and microcredit. Then it provides idea about the core program of microfinance, the review will cover primary literature (such as

reports, theses, company reports, some government publications etc.), secondary literature (such as text books, journals, newspapers, thesis etc.) and tertiary literature such as, abstracts, dictionaries citation indexes etc.).

Chapter three: Methodology and Organizational profile

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

Chapter four: Data Analysis, Interpretation, Conclusions and Recommendations

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

We presented the views of the people through the empirical findings on the impact of microfinance on their lives and their reflection, through tables and diagrams.

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

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

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

2.1 Background

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

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

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

The access to micro-finance services is still highly unequal between men and women. Considerable advances were made in the 1990s in the design of NGO-managed programmes and poverty-targeted banks to increase women's access to small loans and savings facilities. Literature prepared for the Microcredit Summit Campaign presents an extremely attractive vision of increasing numbers of expanding micro-finance programmes which will only give many women access to microfinance services, but also initiate a '*virtuous upward spiral*' of empowerment. This optimism about the implicit empowerment potential of credit and savings pervades most donor statements on microfinance. At the same time, microfinance is being promoted as a key poverty alleviation strategy to enable poor women and men to cope with the adverse economic and social impacts of structural adjustment policies and globalization (Mayoux 2001). Nonetheless, the past three decades have witnessed a steady increase in awareness of the need to empower women (Lopez-Claros and Zahidi 2005:1).

In particular, micro credit has become widely adopted in the fight against poverty, but also in order to increase the status of women. However, once given the opportunity, clients of microfinance institutes expanded their businesses and increased their incomes.

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Microfinance programs emerged in the 1970's as social innovators began to offer financial services to the working poor, those who were previously considered unbankable due to their lack of collateral. Their high repayment rates also demonstrated that the poor

are capable of transforming their own lives given the chance. Principally, women show higher repayment and saving rates than male clients (Ledgerwood 1999:38)

2.2 Brief History of Microfinance

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

Microfinance was necessary that all programs pass two key tests:

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

In the 1974's a new wave of microfinance initiative introduced many new innovations into the sector. Many pioneering enterprises began experimenting with loaning to the poor and underserved in the same year. Beginning in the 1980s a new approach came to work on the assumption that more market-based solutions were required still focusing on income expansion and poverty reduction but searching for cost-effective alternatives (Ledgerwood 1999) and (Yaron et al 1998).

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

2.3 What is Microfinance?

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

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

These financial services according to Ledgerwood (1999) generally include savings and credit but can also include other financial services such as insurance and payment services. Therefore, microfinance involves the provision of financial services such as savings, loans and insurance to poor people living in both urban and rural settings who are unable to obtain such services from the formal financial sector. “Microfinance is a key strategy in reaching the MDGs and in building global financial systems that meet the needs of the poorest people.”

However, some schools of thought remain skeptical about the role of micro-credit in development.¹ For example, while acknowledging the role micro-credit can play in helping to reduce poverty, Hulme and Mosley (1996) concluded from their research on micro-credit that "most contemporary schemes are less effective than they might be" (1996, p.134). The authors argued that micro-credit is not a panacea for poverty-alleviation and that in some cases the poorest people have been made worse-off. This notwithstanding, microfinance has emerged globally as a leading and effective strategy for poverty reduction with the potential for far-reaching impact in transforming the lives of poor people. It is argued that microfinance can facilitate the achievement of the MDGs as well as national policies that target poverty reduction, empowering women, assisting vulnerable groups, and improving standards of living. As pointed out by the former UN Secretary General Kofi Annan during the launch of the International Year of Micro Credit (2005). “...*Sustainable access to microfinance helps alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs.*” (Kofi Annan, December 2003).”

¹ Emphases are the researcher’s.

The Canadian International Development Agency (CIDA) defines microfinance as, “the provision of a broad range of financial services to poor, low income households and micro-enterprises usually lacking access to formal financial institutions”²

2.4 Microfinance and Microcredit

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

2.5 Clients of Microfinance

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

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

² CIDA and Microfinance: A Poverty Reduction Approach, Policy Branch, October 2002.

2.6 Targeting Women

International aid donors, governments, scholars, and other development experts have paid much attention to microfinance as a strategy capable of reaching women and involving them in the development process. The microfinance industry has made great strides toward identifying barriers to women's access to financial services and developing ways to overcome those barriers. A 2001 survey by the Special Unit on Microfinance of the United Nations Capital Development Fund (SUM/UNCDF) of 29 microfinance institutions revealed that approximately 60 percent of these institutions' clients were women. Six of the 29 focused entirely on women. Among the remaining 23 mixed-sex programs, 52 percent of clients were women³. The study also showed, however, that those programs offering only individual loans or relatively high minimum loan amounts tended to have lower percentages of women clients. These findings affirm the importance of designing appropriate products for women. According to USAID's annual Microenterprise Results Report for 2000, approximately 70 percent of USAID-supported MFIs' clients were women. Seventy percent of the world's poor are women and they almost always make up the poorest segments of society (Ledgerwood 1999:37). Yet traditionally women have been disadvantaged in access to credit and other financial services.

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

Microfinance on the other hand often targets women, in some cases exclusively. Female clients represent eighty-five percent of the poorest microfinance clients reached. Therefore, targeting women borrowers makes sense from a public policy standpoint⁴. The

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

⁴ Daley-Harris S. 2007. Microcredit Summit Campaign Report 2007.

business case for focusing on female clients is substantial, as women clients register higher repayment rates. They also contribute larger portions of their income to household consumption than their male counterparts. There is thus a strong business *and* public policy case for targeting female borrowers.

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

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

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

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

Academics and practitioners have been inspired to address the problems of gender discrimination and it is today accepted that gender, such as class, race, and ethnicity, is a source of inequality (Moghadam 1990:6ff, Lopez-Claros and Zahidi 2005:1).The term

refers to the unequal structural relationship between the sexes, linked to the state, the economy, and to other macro- and micro-processes and institutions.

2.7.0 Empowerment

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

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

Kabeer, quoted in Mosedale (2003, p.2) states that women need empowerment as they are constrained by “the norms, beliefs, customs and values through which societies

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

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

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

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

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

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

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

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

2004, p.377). Empowerment is relevant at the individual and collective level, and can be economic, social, or political.

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

2.7.1 Economic Empowerment:

Women's access to savings and credit gives them a greater economic role in decision-making through their decision about savings and credit (see Figure 1). When women control decisions regarding credit and savings, they will optimize their own and the household's welfare. The investment in women's economic activities will improve employment opportunities for women and thus have a 'trickle down and out' effect. This economic contribution may increase their role in economic decision making in the household, leading to greater wellbeing for women and children as well as men. Their increased economic role may lead to change in gender roles and increased status within households and communities.

2.7.2 Increased well-being:

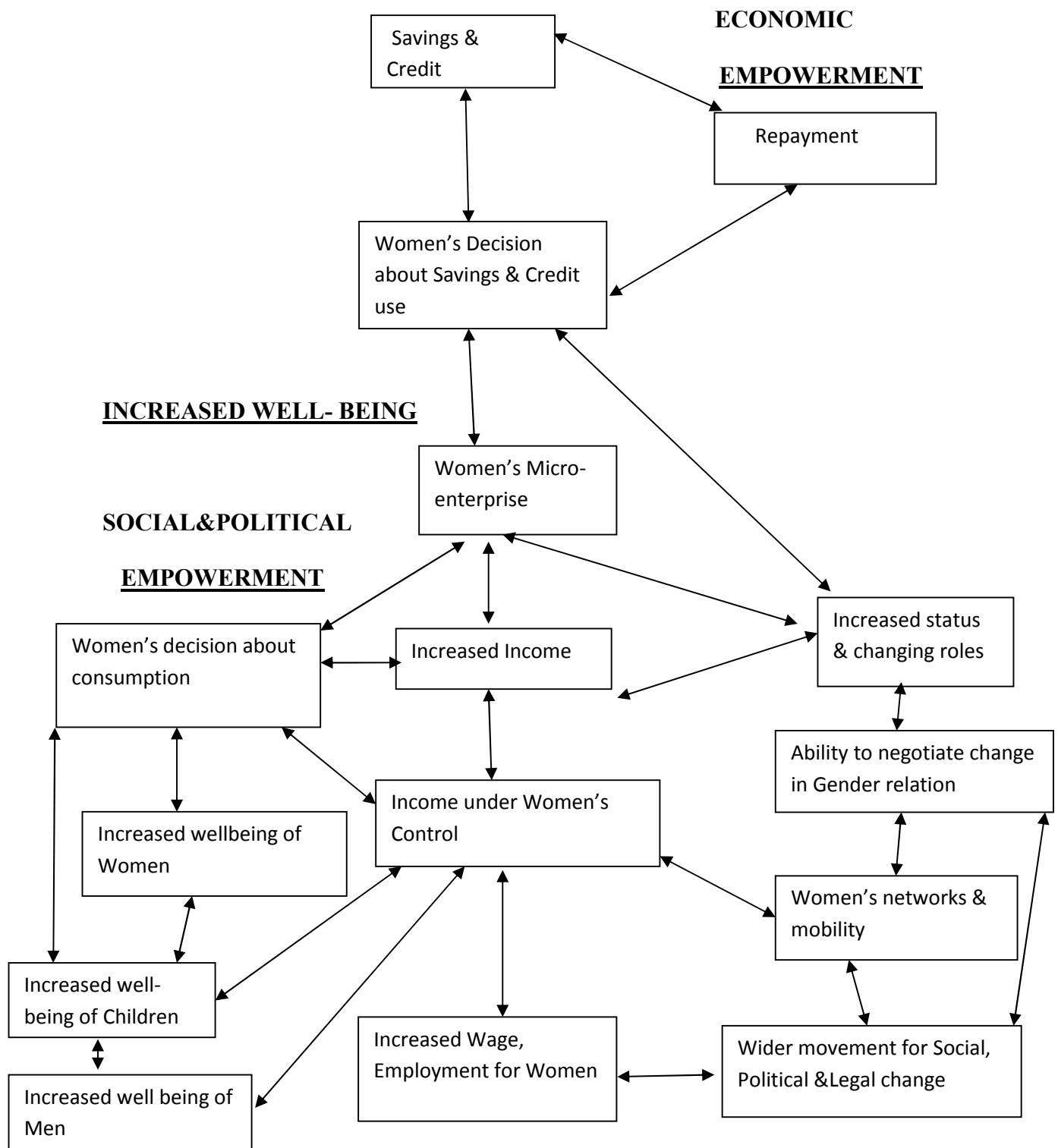
Access to savings and credit facilities and women's decision about what is being done with savings and credit strengthens women's say in economic decisions of the household (Figure 1). This enables women to increase expenditure on the well-being of themselves and their children. This is the main concern in the poverty alleviation paradigm. Women's control over decision-making is also seen as benefitting men through preventing leakage

of household income to unproductive and harmful. Other welfare interventions are advocated in addition to micro finance, typically nutrition, health and literacy campaigns to further decrease vulnerability and improve women's skills. In the financial self-sustainability and feminist empowerment paradigms, improved well-being is an assumed outcome from increasing women's economic activities and incomes.

2.7.3 Social and political empowerment:

A combination of women's increased economic activity and control over income resulting from access to micro-finance with improved women's skills, mobility, and access to knowledge and support networks (Figure 1). Status within the community is also enhanced. These changes are reinforced by group formation, leading to wider movements for social and political change. The financial self-sustainability paradigm and the poverty alleviation paradigm assume that social and political empowerment will occur without specific interventions to change gender relations at the household, community or macro-levels. By contrast, the feminist empowerment paradigm advocates explicit strategies for supporting women's ability to protect their individual and collective gender interests at the household, community and macro-levels

Figure 1: Virtuous Spirals



2.8 Rural

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

2.9 Microfinance and Poverty Alleviation

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

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

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health,
- Combat HIV/AIDS, malaria, and other diseases, and
- Ensure environmental sustainability.

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

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

2.10 Characteristics of Microfinance

Microfinance gives access to financial and non-financial services to low-income people, who wish to access money for starting or developing an income generation activity. The individual loans and savings of the poor clients are small. Microfinance came into being from the appreciation that micro-entrepreneurs and some poorer clients can be ‘bankable’, that is, they can repay, both the principal and interest, on time and also make savings, provided financial services are tailored to suit their needs. Microfinance as a discipline has created financial products and services that together have enabled low-income people to become clients of a banking intermediary. The characteristics of microfinance products include:⁵

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

⁵ Murray, U. and Boros, R. (2002), “*A Guide to Gender Sensitive Microfinance*”, The Socio-Economic and Gender Analysis (SEAGA) Programme, FAO, pp. 10-11

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

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

2.11 Microfinance in Ghana

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

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

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

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

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

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

In Ghana, the term microfinance is understood as a sub-sector of the financial sector, comprising most different financial institutions which use a particular financial method to reach the poor. Microfinance sector in Ghana comprises of the following⁶:

- Formal suppliers such as savings and loans companies, rural and community banks as well as some development and commercial banks.

⁶ Ghana Microfinance Policy Document

- Semi-formal suppliers such as credit unions, financial non-governmental organizations (FNGOs) and cooperatives.
- Informal suppliers such as susu collectors and clubs rotating and accumulating savings and credit associations (ROSCAs and ASCAs), traders, moneylenders and other individuals.

2.12 The Need for microfinance in Ghana

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

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

sector has the potential to reduce poverty by bringing a significant improvement in the lives of the active poor who are largely women.

2.13 Some Achievement of Microfinance in Ghana

- **Provision of Working Capital:** The introduction of microfinance in the country has made it possible for operators of small business to access credit facilities which until now were difficult to access due to difficult modalities by the formal financial institutions.
- **Provision of Employment:** Microfinance provides people with capital to start and or expand their businesses. Small businesses with microfinance support have grown into medium enterprises creating employment opportunities for others.
- **Capacity Building:** Microfinance projects and programmes have gone a long way in building the capacity of clients in the areas of loan management customer care, pricing, marketing and selling on credit as well as on social and community issues.
- **Community Development:** It has helped some communities to provide certain social amenities like portable water which enhances community development.

2.14.1 Challenges facing Microfinance in Ghana

Generally, since the beginning of government involvement in microfinance in the 1950s, the sub-sector has operated without specific policy guidelines and goals. This partially accounts for the slow growth of the sub-sector, and the apparent lack of direction, fragmentation and lack of coordination. There has so far not been a coherent approach to dealing with the constraints facing the sub-sector. Among the constraints are inappropriate institutional arrangements, poor regulatory environment, inadequate

capacities, lack of coordination and collaboration, poor institutional linkages, no specific set of criteria developed to categorize beneficiaries, channeling of funds by MDAs, lack of linkages between formal and informal financial institutions, inadequate skills and professionalism, and inadequate capital. Better coordination and collaboration among key stakeholders including the development partners, government and other agencies, could help to better integrate microfinance with the development of the overall financial sector. Secondly, traditional commercial banking approaches to microfinance delivery often do not work. According to traditional commercial banking principles, the credit methodology requires documentary evidence, long-standing bank-customer relationship and collateral, which most micro and small businesses do not possess. The commercial banking system, which has about twenty-three (28) major banks, reaches only about 5% of households and captures 40% of money supply. Therefore there is room for expanding the microfinance sector in Ghana.

For example, Barclays Bank of Ghana (BBG) Ltd launched a micro-banking scheme in December 2005 which establishes a formal link between modern finance and susu collection in an unconventional mobile initiative across the country. The scheme aims to extend microfinance to some of the least affluent in Ghana, like the small trader at the market or the micro-entrepreneur selling from road-side stalls. Though their individual income is apparently too small for 'high street' banking, collectively it estimated at about a \$150 million economy thriving below the traditional banking radar. Ghana's 4,000-strong Susu Collectors offer basic banking to the needy. For a small fee they personally gather the income of their clients and return it at the end of each month, providing greater security for their client's money.

2.14.2 Specific challenges facing the industry⁷

Institutional Arrangements⁸

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

Capacity Building and Funding for the Sector

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

Furthermore, the current microfinance Apex bodies lack an adequate cadre of in-house trainers and/or facilitators as well as in-house monitoring and evaluation units to continually measure progress of their activities consistently over time. Infrastructural

⁷ Draw on some of the issues discussed in the Ghana Microfinance Policy (GHAMP).

⁸ The section also benefited from an earlier paper, “Rural and Microfinance Regulation in Ghana: Implications for Development and Performance of the Industry” – William F. Steel and David O. Andah. This paper was presented at the International Conference on Ghana at the Half Century, July 2004.

capacity in the sub-sector is yet to be developed around an integrated and holistic logistical support and internal operating systems. Funding for the sub-sector has been from three sources: the institutions themselves, government, and development partners. Firstly, available funds have not fully met the needs for developing and expanding the sub-sector; and, secondly, the varying sources come with their conditions, and distort the market in some cases. There should central microfinance fund to which MFIs can apply for on-lending and/or capacity building support, building on experience such as the Training Fund under the Rural Financial Services Project.

Credit Delivery and Management

The current strategies for credit delivery are not adequately diversified or efficient, and therefore are unable to fully meet the varying demands of the market and different categories of end-users. There is no framework for categorizing and upgrading some of the emerging microfinance institutions in the semi-formal and informal sub-sectors in accordance with their operational capacities and capabilities. The objective of microfinance is to provide resources for the poor.

Targeting the Vulnerable and the Marginalized

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

The existing skills training and funding arrangements for women do not seem to be market-driven. Thus, specific services and products that target women for entrepreneurship development to enable them engage in economic activities and become more self-reliant need to be more coherent.

Data/Information Gathering and Dissemination

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

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

Regulation and Supervision

There is a need for dialogue on the formulation, implementation and review of regulatory and supervisory policies and procedures to ensure consistency and cost-effective approaches to regulation across different types of microfinance institutions and products. There is a need to balance permitting continued evolution of a variety of institutions providing microfinance products and services with the need to protect depositors' funds, provide adequate information and protection to consumers, and coordinate expansion and regulation of different segments of the market.

Microfinance institutions in this category face rigid regulatory and supervisory systems that present some challenges for product innovativeness, outreach and ultimately the performance of the institutions. There is a lack of well specified guidelines for operations

among apex bodies namely, CUA, GCSCA, ASSFIN and Cooperative Council. This leads to uncoordinated activities and invariably hampers the performance and outreach of their member institutions.

Collaboration and Coordination

Currently, there is no formal body that is responsible for coordinating all activities associated with microfinance, nor is there a forum for dialogue among stakeholders on policy and programme issues⁹. As a result there is lack of coherent approach, fragmentation, duplication and inadequate collaboration between and among MDAs, MMDAs, development partners, service providers, practitioners and end users.

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

2.15 Prospect of Microfinance in Ghana

- If truly microfinance is to succeed in providing financial assistances to the poor on a large scale, further contributions are desperately needed. This is not only an issue of financing. Regulators and governments, in particular, need to develop legal and regulatory frameworks for microfinance, consumer protection, and financial infrastructure. Also prudential supervisors can contribute to the growth of microfinance by defining clear criteria for microfinance institutions. This pertains in particular to institutions that wish to take deposits from the public or expand their services. (Wellink, 2007).

⁹ GHAMFIN is playing this role presently, but needs to be given some formal clout

- Nazirwan (2006) reiterated that the microfinance sector has changed radically and will continue to develop over the next several years as there are millions of poor people especially women demand the financial services for livelihoods to ensure the success of microfinance, the micro finance industry must move from credit oriented to variety of products and services such as deposits, investment, money transfer and foreign exchange transactions.
- The introduction of ICT in MFIs will go a long way to improve on the quality of MFIs product and services. Like mobile banking, smart cards with fingerprint, use of photos, networking with banks and postal banks for money transfer credit bureaus. Such innovative ICT services will attract more customers and enhance the image of MFIs.
- Broad market perspective: to provide a range of financial service to eligible unbanked members of the country and ultimately even attract clients away from banks by offering better and more efficient service include self-employed micro entrepreneurs and salaried workers in the various sectors.
- To provide financial service enable the poor to increase and diversify incomes, build human social and economic assets and improve their lives in ways that reflect the multidimensional aspects of poverty.
- Development of national data bank carried throughout the whole MFIs
- Establishment of central microfinance fund to provide on-lending and or capacity building support.
- Wider range of product and service: The MFIs offering a range of credit product for various loan products for salaried employees, a home improvement loan, air ticket loan etc.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

Research work can only be completed and meaningfully fit for effective decision making only if its data collection can be well processed into useful information. This section spells out the empirical framework of the proposed study. Also, the relevant concepts are operationalized, with a clear indication of the sources, of the requisite data. This chapter discusses methods that were used in collecting data for the study and the profile of OISL, SAT and ELDA. It covers population, sample size and sampling techniques, data collection Instruments used for data processing and data analysis. The target group of this work as earlier stated was rural women of the three MFI institutions. These MFIs were selected for study because about 95% of their client are women and mostly in the rural areas.

3.1 Population, Sample size and sample Techniques

The study focused on Kejetia branch of OISL, Obuasi branch of SAT and the Ashanti-Mampong branch of ELDA all within the Ashanti Region in Ghana and also has more of their clients in the rural areas.

In the Ashanti Region, OISL has an active borrower of 5650 of which 5150 are women. SAT has 5815 active borrowers of which 5255 are women clients while ELDA has 3705 active client of which 2755 are women. Since all the women clients of these MFIs could not be surveyed, a sample size of 50 each representing 0.97%, 0.95% and 1.8% from OISL, SAT and ELDA respectively was used due to the limitations (financial, time and other logics constraints) of this study.

Respondents were selected randomly for interview. The researcher went with loan officers who go to the field for repayment and disbursement from these clients thrice every week.

3.2 Data Collection Instruments

Questionnaires were the main instrument used to gain in depth understanding from the clients, management and staff of SAT, OISL and ELDA. The administering of the questionnaires involved personal interview with the women because most of them are illiterate, so it was necessary for the researcher to explain the content of the questionnaires to them and help them in filling. Structured questionnaire with ‘Likert Scale’ and as well as some multiple-choice and dichotomous questions were used to collect information from the respondents. The same context of questions was given to all interviewees and they received exactly the same interview stimulus. Questions were very specific with a fixed range of answers. The structured questionnaire had multiple-choice questions in which the researcher provided a choice of answers and respondents were asked to select one or more of the alternatives, dichotomous questions had only two response alternatives, yes or no and ‘Likert Scale’ which is based on the satisfaction level of the different variables related to living standards.

3.3 Ethical Permission

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

3.4 Sources of Data

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

3.5 Data Analysis

Simple statistical techniques such as descriptive statistics including tables, graphical presentations such as line graph, and bars were used in analyzing and summarizing the data. Primary data was processed using Statistical Package for Social Sciences (SPSS) for windows and Microsoft Excel.

The advantage of using the primary sources of data was that, they are more reliable, since they come from original sources and was tailored and designed to suit the objectives of the study.

3.6 PROFILE OF OPPORTUNITY INTERNATIONAL SAVING & LOANS (OISL)

3.6.1 Background

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

is poised to become the largest provider of microfinance in Ghana, serving 500,000 poor families a year by 2015.

3.6.2 VISION, MISSION, CORE VALUES &TRIPLE BOTTOM LINE

3.6.2.1 Vision

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

3.6.2.2 Mission

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

3.6.2.3 Core Values

- ❖ Respect: OI's respect for one another compels them to fully value and affirm the dignity and uniqueness of each client. This respect is also the foundation for the relationships with their clients' communities and with others involved in their work – shareholders, clients, colleagues, donors, creditors and fellow members of the Network.
- ❖ Commitment to the Poor: OISL focus their energy and efforts on its clients, their families and their communities. Their business needs and expectations determine the services OI provide, and their well-being inspires what they do.

- ❖ **Integrity:** OISL commits to integrating actively what they believe with what they do. They will do the right things for the right reasons, whether or not anyone will know.
- ❖ **Stewardship:** Opportunity International Saving and Loans Ltd. is committed to being good stewards of our own resources and those of our shareholders, clients, colleagues, donors and creditors by exercising a thoughtful and cost effective use of the time, skills and finances we have. The bank strives for quality and seeks to maximize their opportunities to fulfill their mission.

3.6.2.4 Triple Bottom Line

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

Outreach: commitment to reaching the greatest possible number of the economically marginalized (especially women), both in urban and rural areas in Ghana.

Sustainability: to provide highly valued, quality financial services to their clients, which ensure an appropriate return to their shareholders.

Transformation: to provide opportunities for those living in poverty to improve their lives economically, socially and spiritually.

3.6.3 PRODUCTS AND SERVICES

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

3.6.3.1 Lending Services

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

3.6.3.2 Saving Services

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

3.6.4 OTHER SERVICES

3.6.4.1 Micro insurance

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

3.6.4.2 Western Union Money Transfer

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

3.6.5 Monitoring and Supervisory

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

3.7 PROFILE OF SINAPI ABA TRUST (SAT)

3.7.1 Background

Sinapi Aba Trust (SAT) is an autonomous private and Not-For-Profit organization established and duly registered in May 30th 1994 under the company's code 1963 (Act 179) as a company limited by guarantee to support the economically active poor to enhance their lives through microfinance and basic business training.

Since its establishment, SAT has accumulated tremendous experience and has distinguished itself as one of the best institution in the microfinance industry.

After ten years of microfinance services to the Nation, the Trust in partnership with other international stakeholders, Opportunity International and OIKO Credit, converted three of SAT branches (Accra, Kumasi and Techiman) into a Savings and Loans Company; Opportunity International-Sinapi Aba Savings and Loans Limited (OI-SASL) now Opportunity International Savings and Loans Limited (OISL).

Furthermore, SAT is the majority Shareholder in Amantin and Kasei Community Bank, one of the best Community Banks in the Ashanti Region. The operations of the Trust now cover 46 Branches in 10 Regions of Ghana with over 110,000 clients being served.

3.7.2 VISION AND MISSION

3.7.2.1 Vision

We seek to become an institution dedicated to the building of a nation under the Almighty God where the strong help the weak and all people have the dignity of providing for themselves, their families, their church and their community”.

3.7.2.2 Mission

Our mission is to serve as a *Mustard Seed* through which opportunities for enterprise development and income generation are given to the economically disadvantaged to transform their lives.

3.7.3 PRODUCTS AND SERVICES

Sinapi targets the small and micro entrepreneurs serving them with various products:

3.7.3.1 Financial Services

This involves the provision of loans to clients based on an assessment of clients’ business operations. There are limits to the amount of loan that a client can obtain at first and in subsequent loan cycles, but in most cases, the nature and size of clients’ business, rate of turnover (cashflows) and experience determine the amount of loan that one can obtain at any time. The products under the financial services are;

Trust Bank Product

Trust bank is a convenient, simple and reliable loan product that gives access to working capital funds and financial support to the low income entrepreneurs. The Trust Bank (TB) is a development-intensive group lending product designed to cater for the micro-entrepreneurs.

Solidarity Product

It is easy, flexible, convenient and reliable loan product for successful matured Trust Bank clients and smaller business entrepreneurs to help them grow and sustain their business. Again, clients are organized into groups in order to access the service.

Enhanced Solidarity

It is targeted at small entrepreneurs who have grown their businesses to an appreciable level and needs capital injection to stimulate growth.

Individual Loan Product

It is the provision of working capital loan for individual small and micro entrepreneurs who are capable of obtaining loan individually.

Small Enterprise Loan (SEL)

SEL is a simple, flexible and convenient loan product for clients' that have grown and expanded their businesses over time and need quite bigger loans to further expand their businesses.

Sinapi Special Agricultural Loan

This special agricultural loan facility is to help farmers gain easy access to loan in support of their farming activities.

Sinapi Asset Loan (Ejuma Nkoso)

This product gives clients' the opportunity to acquire a business asset to increase their business efficiency.

Sinapi Education Loan (Nimdee Ye)

The educational loan gives clients' that peace of mind and stress free life in settling their children's school fees obligation and other educational cost.

Micro school Loan

This is a special product that supports micro and less developed schools to increase both outreach and quality of education delivery.

3.7.3.2 Non-Financial Services

SAT offers the following non-financial services:

- Business Management Training - Building client's business management capacity.
- Youth Apprenticeship Program (YAP) - Providing poor and vulnerable youth with employable skills.
- HIV/AIDS - Awareness creation and Counseling services for clients.
- Consultancy Services - Providing clear and cogent solutions tailored to the needs of other microfinance institutions.

3.8.0 PROFILE OF E-LIFE DEVELOPMENT AGENCY (ELDA)

3.8.1 Background

E-Life Development Agency (ELDA) is a faith based Non-Governmental Organization (NGO), registered as non-profit organization with its Head Office at Techiman in the Brong Ahafo Region of Ghana.

We are a Development Organization with interventions in Poverty Alleviation, Health prevention and Education, Care and Development of children and others.

3.8.2 Vision

"A Liberated Nation that Grows and matures in the Love of God ".

3.8.3 Mission

To create opportunities and empower the vulnerable and disadvantaged in rural communities through human training and financial support for development.

3.8.4 Core Values

- Our service to clients is in obedience to the call of God to manifest His love for mankind.
- Ready access to financial assistance provides an opportunity for clients to develop themselves, their families, communities and the nation as a whole.
- Every person regardless of age, sex, creed and health status deserves an equal opportunity to gainful employment.
- Through faithfulness, diligence towards work and motivation excellence can be achieved.

3.8.5 PRODUCT AND SERVICES

ELDA provides both financial and non financial services; their activities are as follows;

3.8.5.1 Credit Facilities

To improve the living standard of the actively poor, ELDA offers loans groups and individual without any collateral. ELDA also provides educational loans to schools and individuals.

3.8.5.2 Saving Facilities

ELDA also provides saving facilities to individuals. This service gives opportunities to people who would like to save but because their monies are too small to be taken to the commercial banks can now get the chance to save at ELDA.

3.8.6 Non-Financial

3.8.6.1 Micro Insurance

ELDA also provides micro insurance to cover its clients' credit life and Property. For the case of Credit Life, the borrower's family and members of group will not be asked to pay for the borrower's outstanding debt when he/she dies or are involved any accident. And with the Property Insurance, the borrower will not pay his/her outstanding debt when struck with fire, flood and other natural disaster or when robbed.

3.8.6.2 Remittance

ELDA also operates as an agent for Western Union. People who receive money from Western Union can go to any of ELDA's offices for payment.

3.8.6.3 Training and Monitoring

The loan Officers of ELDA provide training for their clients. These trainings are in the form of; financial management, credit management, book-keeping, inventory management among others. They also visits their clients after disbursement to see whether or not they are using the loan for the purpose of which to loan was given to them.

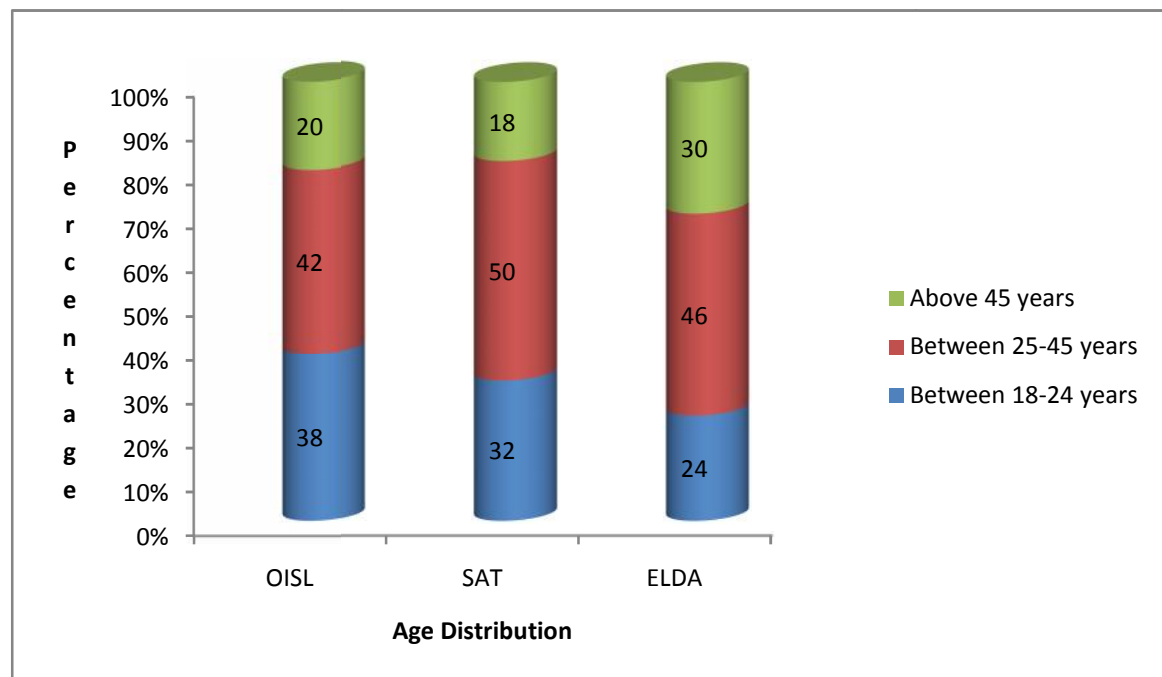
CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF FINDINGS

This chapter consists of the analysis of data collected for the research. It is intended to address the objectives of the study of first chapter. The chapter is in two (2) sections, analysis of response from clients and that of the MFIs. It provides information of respondents and statistical analysis of information collected. This is followed by interpretation and discussion about the research findings.

4.1.0 DATA ANALYSIS OF THE WOMEN CLENTS

Figure 2. Age distribution of respondents



Source: Field Survey. May, 2012

Figure 2 above shows the age distributions of all respondents interviewed from the three MFIs. It is observed from OISL that twenty one of the respondents were between the ages 25-45 years which represents 42% as the majority, nineteen were between 18-24 years and it represents 38% whiles ten were above forty five years which represents 20%.

SAT had twenty five of its interviewed respondents between the ages 25-45 years as majority which represent 50%, sixteen respondents were above 45 years representing 32% whiles the least respondents were nine and were between the ages of 18-24 which represents 18%.

ELDA had twenty three of the interviewed respondents between ages 25-45 which represent 46%. 15 respondents were above forty five year and it represented 36% whiles twelve respondents were between 18-24 years and they represented 24%.

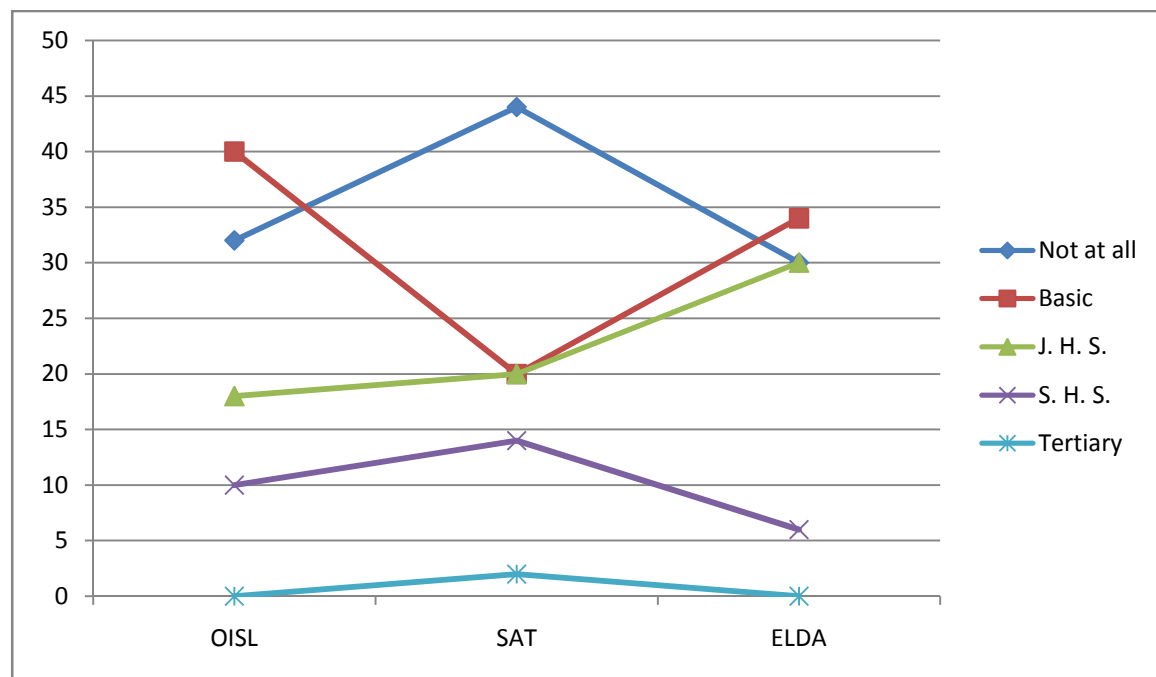
Table 1. Marital Status and Number of Dependents of respondents

Marital Status	Number of Dependents		
	OISL	SAT	ELDA
Single	1-3	1-3	1-3
Married	3-5	3-5	3-5

Source: Field Survey. May, 2012

Table 2 summaries the data on the marital status and the number of dependents of the rural women interviewed from OISL, SAT and ELDA, it can be inferred that, for the single women had dependents ranging from one to three, while that for the married women was from two to five. Averagely, majority of the women had dependents above three. As the number of dependents increases, the family size also increases and consequently the family's responsibilities also increase. An increase in the family's responsibilities means that more finance will be needed and this is where the MFIs come in.

Figure 3. Educational levels of respondents



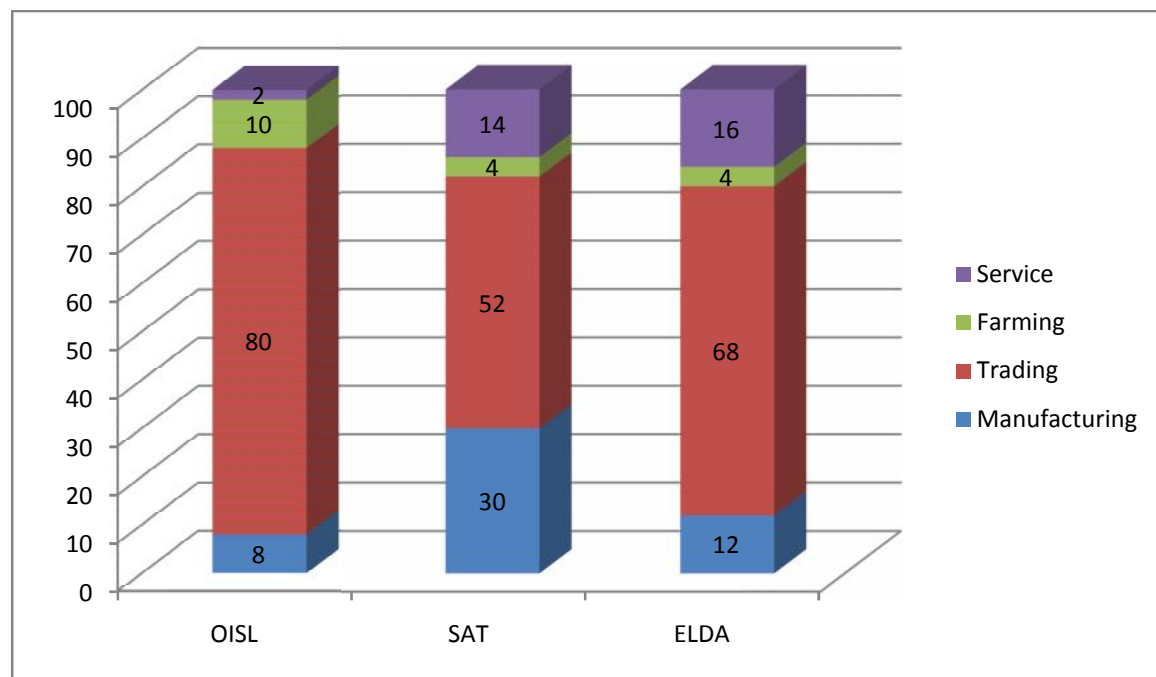
Source: Field Survey. May, 2012

From OISL, 16 of the respondents have no education at all, twenty have had basic level, nine have also had J. H. S. Education and five have had S. H. S. Education while none of the respondents has had a tertiary education. It represents 32 percent, 40 percent, 18 percent, ten percent and zero percent respectively. This information shows that most of them have reached the basic level.

At SAT twenty two of the interviewed respondents have had no education at all, ten have reached the basic level, ten have also had J.H.S. education and seven have had S.H.S. education while 1 person has had tertiary education. It represents 44%, 20%, 20%, 14% and 2% respectively. It is realised that majority of the respondents have not had any education at all.

At ELDA fifteen respondents have not had any education at all, seven have had basic education, fifteen have also had J.H.S. education and three have reached the S.H.S level while no one has reached the tertiary level. This represents 30%, 34%, 30% 6% and 0%. It is realized that 17 respondents that represent the majority have had basic education.

Figure 4. Business activities engaged by respondents



Source: Field Survey. May, 2012

From OISL, it was observed from the analysis that 80% of the respondents engaged in trading whereas farming had 10%. Manufacturing and Service had 8% and 2% respectively.

From SAT, we noticed that 52% of respondents' interviewed was engaged in trading, 30% were into manufacturing while 14% and 4% respectively were into service and farming.

At ELDA, it was realized that 68% were engaged in trading, whereas 16% were into service and 12% and 4% respectively were into manufacturing and farming.

It can therefore be concluded that residents in the study areas are traders.

Table 2. Purpose(s) of Loan

Measuring Group	Frequency		
	OISL	SAT	ELDA
To established new business	0	0	0
To expand existing business	50	50	50

Source: Field Survey. May, 2012

It is discovered in Table 5 that that interviewees used the loan to expand their existing businesses.

Table 3.0 Number of times respondents have access credit from OISL

Number of Times	OISL			
	Once	Twice	Thrice	Above Three
Frequency	8	12	10	20

Source: Field Survey. May, 2012

Table 3.1 Number of times respondents have access credit from SAT

Number of Times	SAT			
	Once	Twice	Thrice	Above Three
Frequency	5	8	13	24

Source: Field Survey. May, 2012

Table 3.2 Number of times respondents have access credit from ELDA

Number of Times	ELDA			
	Once	Twice	Thrice	Above Three
Frequency	5	9	15	21

Source: Field Survey. May, 2012

Table 6.0 also revealed that out of the 50 women interviewed in OISL, a total of 8 people were obtaining microfinance for the first time. 12 were obtaining the loan for the second time, 10 for the third time and 20 for more than three times. Table 6.1 shows that, out of the 50 women interviewed from SAT, 5 women were assessing microfinance for the first time; 8 were also obtaining the facility for the second time and 13 women for the third whiles 24 for more than three times. Also table 6.2 shows that, out of the 50 women interviewed from ELDA, 5 women were assessing microfinance for the first time; 9 were also obtaining the facility for the second time and 15 women for the third whiles 21 for more than three times

4.1.1 Loan Access

Procedures for loan access at MFIs are as follows:

- Training of prospective clients
- Completion of application form
- Assessment and evaluation of businesses

The three MFIs loan access requirements are not very painstaking as pertain at commercial banks. For instance these MFIs do not require physical collateral before giving out loans.

Clients are however required to make a compulsory saving that represents 10%-15% of the applied amount as an initial deposit and sometimes, clients can also pledge an asset at

less than the value of the loan. Clients are also required to form a group whose members jointly guarantee for each other (Group guarantee). These requirements are not a tedious to the clients

However, clients of these MFIs still have concerns with some issues relating to loan access. Major problems faced by respondents with loan access from OISL, SAT and ELDA includes application procedures, delays before loan is granted, high interest rates and others.

Table 4. Problems Related to Loan Access

Problem	Frequency			Percentage		
	OISL	SAT	ELDA	OISL	SAT	ELDA
Application procedures	15	8	22	30	16	44
Processing period	12	20	17	24	40	34
Interest rates	10	14	10	20	28	20
Others	13	8	1	26	16	2
Collateral	0	0	0	0	0	0
Total	50	50	50	100	100	100

***Source:** Field Survey. May, 2012*

Out of the 50 respondent each interviewed from OISL, SAT and ELDA, 30%, 16% and 44% respectively thinks MFIs loan application procedures are bothersome and hence should be reviewed i.e. the training period.

24%, 40% and 34% of our respondents had problem with processing period for the loans. According to OISL, SAT and ELDA, it takes between 6 and 8 weeks before disbursement are made to applicants.

High interest rate is the problem for 20%, 28% and 20% of respondents. Interest rates on loans from the three MFIs range between 36% and 46% per annum. 26%, 16% and 2% of

the respondents from the three MFIs respectively had other problems such as long training sessions which is 4 weeks; distance MFIs offices from respondents' homes etc.

It is significant to note that 0% of respondents from OISL, SAT and ELDA attributed loan access problems to collateral requirements. This is because as mentioned earlier, the MFIs do not require physical collateral before disbursing loans to its clients. Because these MFIs do not take any collateral, security for loan could be obtained from the following:

- Group collateral in the form of peer pressure from group members,
- Clients are required to have at least 6 months working experience,
- Guarantors are required individuals whilst group members must agree to guarantee for the members of the group,
- 10%-15% of applied loan paid as initial deposit,
- Close and regular monitoring of clients' activities,
- Clients agree to be trained in business and financial management,
- All loans are short-term; up to one year,
- Short periods of installment payment (daily, weekly, bio-weekly and monthly),
- Advice letters are issued explaining the terms of the credit to clients before disbursement.

Even though there is no collateral, but the above measures help to ensure that the MFIs loan recovery is very high.

Table. 5 Difficulties in Repayment of Loans

Difficulties	Frequency			Percentage		
	OISL	SAT	ELDA	OISL	SAT	ELDA
Yes	16	10	23	32	20	46
No	34	40	27	68	80	54

Total	50	50	50	100	100	100
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Source: Field Survey. May, 2012

Only 32%, 20% and 46% out of the 50 interviewed respondents each has ever had difficulties in paying their loans.

Table. 6 Reasons Difficulties in Paying Loans

	Frequency			Percentage		
	OISL	SAT	ELDA	OISL	SAT	ELDA
Poor Farm Yields	3	1	5	18.75	10	21.73
Poor Returns from Trading	11	6	12	68.75	60	52.17
Distance from MFIs offices	0	1	2	0	10	8.70
Short paying back period	2	2	4	12.5	40	17.39
Total	16	10	23	100	100	100

Source: Field Survey. May, 2012

4.1. 2 Reasons for payment difficulties

Out of the 210 respondents interviewed, only 40 had difficulties in paying back and they attributed that to the following;

- ◆ Poor Farm Yields
- ◆ Poor Trading Returns
- ◆ Distance from the respondents home to the MFIs offices to make payment
- ◆ Short paying back period

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

- ◆ Slow down in business activities
- ◆ Extraneous factors such as sickness, etc
- ◆ Payment of wards' school fees
- ◆ Failure by clients' debtors to honor obligations

Actions Taken By OISL, SAT and ELDA

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

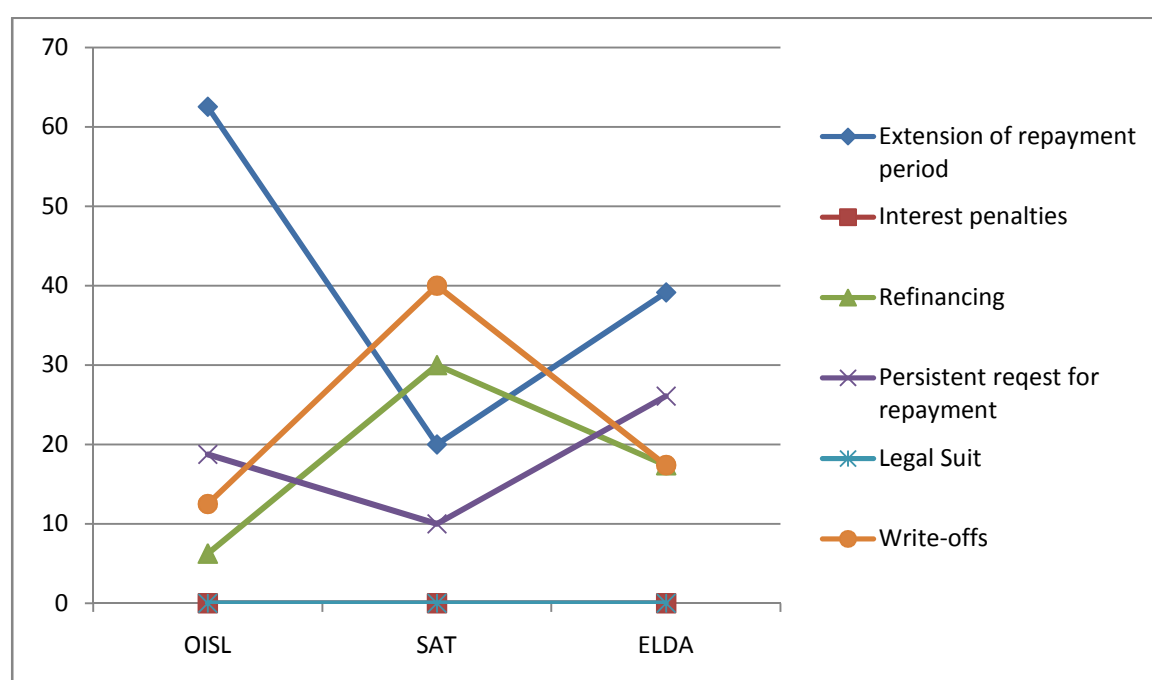


Figure 5 above illustrates that, none of the three companies has used legal suit nor interest penalties against their clients who defaults but they however uses that to frighten prospective defaulters. 62.5%, 20%, 39.23% of the women have been given an extension of repayment period from OISL, SAT and ELDA respectively. Refinancing was 6.25%, 30% and 17.39% from OISL, SAT and ELDA respectively. Persistent request for repayment was 18.75% for OISL, 10% for SAT and 26.09% for ELDA while 12.50%, 40% and 17.39% had their debts written-off by OISL, SAT and ELDA respectively.

4.1.3 Non Financial Assistances obtain from MFI

Apart from the credit/financial benefits that clients obtain from the MFIs, they also obtain non-financial benefits in the form of training and business advice; financial management, Book-keeping, Credit Management, Savings mobilization, records keeping, and Investment Opportunities.

Table 7 Non Financial Assistances provided by MFIs to their clients

Training/Business advice	Frequency			Percentage		
	OISL	SAT	ELDA	OISL	SAT	ELDA
Financial management	9	6	10	18	12	20
Credit Management	4	2	5	8	4	10
Savings mobilization	20	30	18	40	60	36
Customer Care	11	5	7	22	10	14
Records keeping	2	4	7	4	8	14
Investment Opportunities	4	3	3	8	6	6
Total	50	50	50	100	100	100

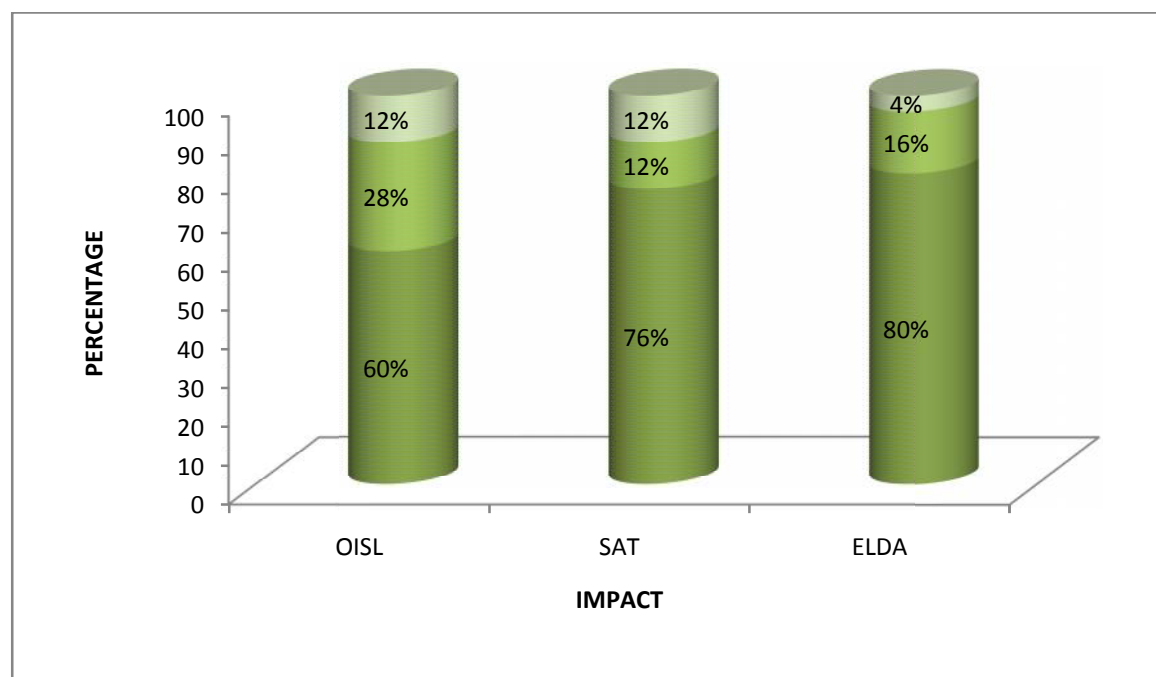
Source: Field Survey. May, 2012

The study tried to find out how the beneficiaries perceive these non financial services and the relative importance that they attach to them. 18%, 12% and 20% of respondents from OISL, SAT and ELDA respectively regard Financial Management training as very important and relevant to their businesses. 8%, 4% and 10% of respondents from OISL, SAT and ELDA respectively regard training in Credit Management as important and relevant to them. 40%, 60% and 36% respectively regard Savings mobilization, 22%, 10% and 14% respectively in Customer Care. 4%, 8% and 14% of the respondents from OISL, SAT and ELDA respectively view Record keeping as very important whereas the 8%, 6% and 6% respectively regards

4.1.4 Impacts of loans on the lives of the Women

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

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



Source: Field Survey. May, 2012

The figure above indicates that 60% of the women from OISL said microfinance has had an impact on their lives. In explaining they indicated that due the loan they obtained, they have been able to expand their businesses and they living standards have been improved. 28% agreed that though microfinance has helped maintained their businesses but they cannot see any changes in their living standard. Whiles 12% of the respondents could not determine any changes in their livelihood only that they are in business. 76% said yes microfinance has had an impact in their lives whiles 12% said no microfinance have not had any impact in their lives and 12% could not determine whether or not microfinance

have had any impact on their living standard in SAT. In ELDA 80% said microfinance have had an impact on the living standard and 16% were sure that microfinance had no impact on their living standard while 4% cannot determine if there had been any impact on the livelihood by microfinance.

4.2.0 ANALYSIS FROM OISL, SAT and ELDA

The main respondents were supervisors and loan officers in the three microfinance institute.

4.2.1 Microfinance

The operation of the MFIs includes financial and non-financial services; credit, savings, insurance, transfer and remittances.

4.2.2 Reason for Microfinance

The MFIs entered into microfinance primarily to assist the poorest in the society especially women who do not have the requisite requirements such as collaterals; that will qualify them for commercial bank loans.

4.2.3 Criteria for loan qualification

The main criteria for loan qualification is that, the applicant from rural communities should belong to a group and those from the urban not necessary should belong be to a group. Also must be in a business for at least six months and should be able to make the initial deposit required. Moreover the applicant must go through an orientation session between four to six week before disbursements are made.

4.2.4 Training/Monitoring

The MFIs offer pre-training of six-eight weeks to all its loan applicants. The aim of this pre-training is to equip the clients with the required knowledge and skills to manage their trust bank groups, their businesses, households and communities in order to obtain positive results. Loan officers visit the business sites of the clients to offer them training. The main purpose of this is to personally witness some of the challenges or opportunities that their clients encounter in their businesses especially after they have been granted the loans. This offers the officers the opportunity to discuss business better with these women and then encourage them. The post training also serves as a monitoring process for the companies. The monitoring process has brought about a cordial relationship between loan officers and clients.

4.2.5 Achievements

MFIs have been able to inculcate the habit of saving among the rural women through their savings mobilization and the initial deposit.

4.2.6 Major Constraints

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

- ***Financial and Economic Factors***

The MFIs are adversely affected from the micro-economic indicators such as unstable inflationary rate, high exchange and interest rates. These economic factors have affected the operations of OISL, SAT and ELDA and MFIs in general.

- ***Competition***

Though the microfinance industry is marvelously growing and because of the increase in numbers, some companies that do not meet the requirements of the regulators and therefore do not have the license to operate have ceased the opportunity to defraud its clients.

- ***Technology***

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

- ***High Cost***

The operations of MFIs are very costly in the sense that loan officers would have to travel to the client business place for evaluation and monitoring. Infrastructures, communication and technology problem increases the transaction cost for both lenders and borrowers.

- ***Illiteracy***

Microfinance industry deals with the poorest in the society who are predominantly illiterates and semi-literates. It is therefore very difficult when dealing with these clients because they are most often related to poor management practices, record keeping, and statement of accounts coupled with others.

4.3 SUMMARY OF FINDINGS

The findings have shown that institutional credit programmes such as the one by OISL, SAT and ELDA have had a significant impact on rural women empowerment. The members of the credit schemes have gained more assets, better education for children, more say in household decision making and community etc. The facts are that, women need finances in order to cater for the needs and that of their families especially their children.

They also expressed concern about the high interest rates that are charged on the loans. The high interest has increased the total repayment amount. Coupled with the short re-payment period of six months, puts too much stress on them. In addition application procedures, delays and others (long training session) by the bank are also another source of worry. Microfinance has also assisted the women to be creditworthy and also to be in business. Non-financial assistances form an important component of MFIs interventions. These come mainly in the form of training and business advisory services and clients regard these services as very important and useful.

In the case of the banks the essential points are that microfinance has fostered a stronger officer/client relationship. The increasing number of clients indicated that microfinance is achieving its intended purpose of empowering women and alleviating poverty. The challenge cited by the bank was dealing with Illiterate clients. These groups are characterized with little or no records of the transactions in their businesses, making information gathering very difficult for anybody appraising their facilities. The lack of adequate logistics has prevented the bank from extending its scope to cover majority of the rural women. The bank also admitted holding pre- and post loan training for the women. The pre-training is in the form of lectures while post training is in the form of visits.

4.4 RECOMMENDATIONS

4.4.1 Government intervention

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

This may be done in two key areas:

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

4.4.2 Capacity Development for the Micro finance sector

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

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

4.4.3 Training programs

MFIs should repackaging its training program to make it more acceptable to clients. *‘They should make the training sessions shorter and if possible increase the one-on-one sessions’*. This view was echoed by many of the respondents.

4.4.5 Long-term loans

MFIs should introduce medium and long term loan facilities to enable clients expand and grow their businesses. Clients will want to take advantage of seasons such as Christmas to turn the loans several times over and maximize their profits before paying back. They are unable to do this when they have to make payment within short periods.

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

There is also the need for OISL, SAT and ELDA and other MFIs to extend their services to cover women in the remotest parts. More branches can be opened in remote areas for women there to offer easy access and they should also to ensure effective monitoring and supervision.

The MFIs also needs to design more flexible microfinance packages for business starters. There are several women out of business and will need finance in order to survive and to trade. They may have the idea about the kind of business they wish to engage in but lack of finance cannot help that dream to materialize. Such ones are cut off under the current microfinance schemes. Therefore microfinance institutions should extend their scope to cover all such ones. The re-payments period needs also to be considered. Beneficiaries qualify for another loan package only after they have repaid their loans. Therefore MFIs can spread repayment over a longer period of possibly a year so as to allow for flexible payment.

4.5 SCOPE FOR FURTHER RESEARCH

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

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

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

4.6 CONCLUSION

The goal of this research was to study the role of microfinance Institutions on the empowerment of rural women. All of OISL, SAT and ELDA's clients are micro enterprises operating in the following sectors; trade, manufacturing, agric-business and services. The chunk of all the three MFIs loans goes to the trade sector and the least goes to the agric-business sector. MFIs clientele include food sellers, bakers, restaurants, vegetable growers, livestock owners, tailors, designers, shoe makers, furniture makers, and plastic and leather bag makers, retailers of agricultural and industrial products. The analysis of data, it demonstrated that almost 42%, 50% and 46% women clients from OISL, SAT and ELDA respectively are between the age of 25-45 years and on the average most of them just had primary school education. Most of the women take loan from the MFIs to expand their existing business. They were able to increase their income and provided not only with the financial help to their families but also had positive impact on other factors of daily life. These women brought about a positive change to their financial and social situation and started taking active part in the decision making process of the family and society. The results obtained from the analysis regarding the success of increasing role in decision making process in the family, reveals that microfinance schemes are highly associated to build up of social and economic empowerment.

In addition, the analysis of the data obtained in this study indicates that client face problem in accessing loan from OISL, SAT and ELDA which includes application

procedures, interest rates and others. The study has revealed that micro finance interventions have made significant impacts in the following areas:

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

Microfinance is becoming popular day by day among the poor people. All the respondents can get loan from MFIs without any collateral. The study also established the conception about non financial assistance of MFIs that affect positively to run the business successfully. This is also one of the reasons of micro-credit scheme being popular. Another impact of MFIs that was found to be important is the creation of employment opportunity.

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

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

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

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APPENDIX. I

QUESTIONNAIRE FOR CLIENTS

We are final year students of the Department of Business Studies, Christian Service University College-Kumasi, conducting a research on the ***Empowerment of Rural Women: The Role of Microfinance Institutions.***

The outcome of the research will be useful to the general public and the information gathered will be for academic purposes only.

We solicit your co-operation by filling this questionnaire to help us make vital analyses. This will be treated confidentially. Only the general results, conclusions and recommendations drawn from these analyses would be included in the final report and not the individual papers.

1. Age? 18-25 () 26-45 () 45-60 ()
2. Marital Status? Married () Single () Window () Divorce ()
3. What is your educational level?
Not at all () Primary () J.H.S () S.H.S () Tertiary ()
4. Number of dependents? Less than 2 () 2-5 () 5+ ()
5. What kind of business activity are you engaged in?
Manufacturing () Trading () Farming () Service ()
6. Do you have access to credit? No () Yes ()
7. If, yes what was the purpose for the loan?
To establish a business () To expand existing business () Others ()
Please specify.....
8. For how long have you been a client of this lender?
Less than 2 year () 2-5 years () above 5 years ()
9. How many times have you been granted a loan by this lender?
Once () Twice () Thrice () More than three times ()
10. What problems did you encounter while accessing credit?
.....
.....
11. Did you have any problems paying back? Yes () No ()
12. If yes what were the cause(s) for such difficulty?
.....
.....
.....
13. What help (if any) did you receive from OISL when you were in such difficulty?
Refinancing () Extension in repayment time () Write-off ()
Others, Please specify.....
14. Apart from financial assistance, what other form of assistance do you obtain from the MFI?.....
.....
15. Would you like to obtain another loan? Yes () No ()
16. If no, Why?

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

Yes () No () Cannot determine ()

Please explain your answer

.....
.....
18. Has this loan helped transform your life in any way?

Yes () No () Cannot determine ()

If yes, then how?

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

APPENDIX. II
QUESTIONNAIRE FOR THE MFIs

We are final year students of the Department of Business Studies, Christian Service University College-Kumasi, conducting a research on the ***Empowerment of Rural Women: The Role of Microfinance Institutions.***

The outcome of the research will be useful to the general public and the information gathered will be for academic purposes only.

We solicit your co-operation by filling this questionnaire to help us make vital analyses. This will be treated confidentially. Only the general results, conclusions and recommendations drawn from these analyses would be included in the final report and not the individual papers.

1. Age? 18-25 years () 26-45 () above 45 years ()

2. Marital Status? Male () Female ()

3. Position held?

4. Years of service? 1-3 () 3-5 () 5+ ()

5. Is the bank engaged in any form of microfinance? Yes () No ()

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

7. What are the products or services you render to your clientele?

Please list them

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

8. Mention the criteria for loan qualification.....

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

Yes () No ()

10. Do you have any monitoring process in place for monitoring the beneficiaries both after receiving the loan and after repayment? Yes () No ()

11. How effective are these monitoring process?.....

12. What are the achievements?.....

13. What are the constraints faced by the organization?
.....
.....

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

.....
.....

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

APPENDIX III

Table 1. Age distribution of respondents

Age(Years)	Frequency			Percentage		
	OISL	SAT	ELDA	OISL	SAT	ELDA
18-24	19	9	12	38	18	24
25-45	21	25	23	42	50	46
Above 45	10	16	15	20	32	36
Total	50	50	50	100	100	100

Source: Field Survey. May, 2012

Table 3. Educational level of respondents

Educational level	Frequency			Percentage		
	OISL	SAT	ELDA	OISL	SAT	ELDA
Not at all	16	22	15	32	44	30
Primary	20	10	17	40	20	34
J. H. S.	9	10	15	18	20	30
S. H. S.	5	7	3	10	14	6
Tertiary	0	1	0	0	2	0
Total	50	50	50	100	100	100

Source: Field Survey. May, 2012

Table 4. Business activities engaged by respondents

Activity	Frequency			Percentage		
	OISL	SAT	ELDA	OISL	SAT	ELDA
Manufacturing	4	15	6	8	30	12
Trading	40	26	34	80	52	68
Farming	5	2	2	10	4	4
Service	1	7	8	2	14	16
total	50	50	50	100	100	100

Source: Field Survey. May, 2012

Table 10 Action taken by MFI when client default in loan payment

Action	Frequency			Percentage		
	OISL	SAT	ELDA	OISL	SAT	ELDA
Extension of repayment period	10	2	9	62.5	20	39.13
Interest penalties	0	0	0	0	0	0
Refinancing	1	3	4	6.25	30	17.39
Persistent request for repayment	3	1	6	18.75	10	26.09
Legal Suit	0	0	0	0	0	0
Write-offs	2	4	4	12.5	40	17.39
Total	16	10	23	100	100	100

Source: Field Survey. May, 2012

Table 12 Impact of Microfinance on the lives of the rural women

Impact	Frequency			Percentage		
	OISL	SAT	ELDA	OISL	SAT	ELDA
Yes	30	38	40	60	76	80
No	14	6	8	28	12	16
Cannot Determine	6	6	2	12	12	4
Total	50	50	50	100	100	100

Source: Field Survey. May, 2012