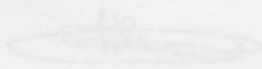


**CHALLENGES FACED BY MEMBERS OF BUSARA WOMEN  
SUPPORT PROGRAMME OF GITHURAI LOCATION IN ACCESSING  
MICRO CREDIT FINANCE**

  
Rosemary Mulee

11/11/2010  
Date

**BY  
ROSEMARY MULEE**

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This project paper has been submitted with my approval as the university supervisor

**A PROJECT PAPER SUBMITTED TO THE INSTITUTE OF  
ANTHROPOLOGY, GENDER AND AFRICAN STUDIES IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF  
MASTER OF ARTS IN GENDER AND DEVELOPMENT STUDIES OF THE  
UNIVERSITY OF NAIROBI**

Dr. Salome Bukachi

Date



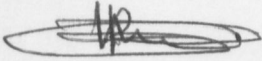
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# DECLARATION

**This project paper is my original work and has not been presented for a degree in any other university.**

with the assistance of my children Nancy Nyambura and Kwame Nkrumah for  
their continuous encouragement in the course of my studies and completion of my  
research work.

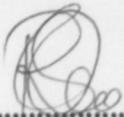


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**Rosemary Mulee**

11/11/2010

.....  
**Date**

**This project paper has been submitted with my approval as the university supervisor**



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**Dr. Salome Bukachi**

11/11/2010

.....  
**Date**

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**DEDICATION**

My dedication goes to my children Nancy Nyambura and Kwame Nkrumah for continuous encouragement in the course of my studies and completion of my research work.

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## ABBREVIATIONS

- GOK:** Government of Kenya
- MFI:** Microfinance institutions
- KWFT:** Kenya Women Finance Trust
- K-REP:** Kenya Rural Entrepreneurship Programme
- UWSCCS:** United Women's Savings and Credit Co-operative society
- NASEWK:** National Association of Self-Employed women of Kenya
- WEF:** Women Enterprise Fund

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Credit goes to my lecturers who guided me on where to access past information concerning the study. I am also grateful to the entire management of University of Nairobi for their cooperation towards providing library facilities where I accessed much information concerning the study. Thank you all for your time; it was all through your endless support that I managed to complete this project paper.



ABSTRACT

This study was designed to investigate challenges faced by members of Busara Women Support Programme in accessing micro credit finance. Fieldwork for the study was conducted in Githurai location, Nairobi, in July and August 2010. The study sought to determine socio-cultural and economic challenges as well as constraints emanating from the micro finance institutions which members of Busara Women Support Programme faced in accessing micro credit finance. A total of 70 respondents and 4 key informants were systematically and purposively sampled and interviewed.

Methods used in obtaining data for the study were library research, interviews, focus group discussions and key informants. Data was analyzed both quantitatively and qualitatively and results presented in form of tables and pie charts.

The findings reveal that discrimination in ownership and control of property , patriarchy, lack of inheritance rights for women, low levels of education, women overdependence on their husbands for financial support, lack of savings, lack of alternative employment, discriminatory labor market and poverty presented a challenge to members in accessing micro credit finance. The study also found out that micro finance institutions had laid down the following requirements as prerequisite to accessing loans: registration of the group, savings, being in operation for at least 6 months. These posed a challenge to the members (especially women) when accessing micro credit finance.

It is therefore recommended that micro finance intuitions, government, private sector and NGO'S should look for alternative ways to make women 'bankable'.

## CHAPTER ONE: BACKGROUND TO THE STUDY

### 1.1 Introduction

Resolution 792 (XXIX) of the United Nations Economic and Social Council Economic Commission for Africa stresses the need for governments to generate various economic opportunities for women. The resolution urges member states to take necessary legislative, monetary and banking measures that will help to promote entrepreneurship among African women (Dinar, 1995). The same resolution has stressed the need for increasing employment opportunities and establishment of financial intermediaries to build women's competitiveness and increase economic exchanges among women entrepreneurs (Dinar, 1995).

Women constitute one half of the world's population and a visible majority of the poor. Projects aiming to improve the living conditions of the poor cannot, therefore, be effective unless women participate in their formulation and implementation, both as contributors and beneficiaries. In Kenya, women's property rights are unequal to those of men as evidenced by current statistics which indicate that only about 5% of Kenyan women own land title deeds, (Government News, 2009). The rights of women to own, inherit, manage and dispose of property are under constant attack from customs, laws, and individuals who hold the belief that women cannot be trusted with or do not deserve property (Humans Rights Watch, 2003). Property rights violations have devastating effects which include: feminization of poverty, violence, homelessness and generally a decline in Kenya's overall development. Closely related to the issue of property ownership is access to micro credit finance. This is because, in Kenya, most credit facilities have been linked to property ownership especially land. Before the 1990s, the credit schemes for women especially those in rural areas were negligible (GOK, 2008). The concept of credit for women has emerged from the insistence by women oriented studies that there is discrimination in women gaining access to micro credit finance (Manohar, 2007).

There have been efforts towards economic empowerment of women. Women have been organizing themselves into associations of entrepreneurs in order to enhance their economic status and have an impact on economic policies. There has been considerable increase in the number of credit schemes. However, most of the active female population continues to be confined in the micro and small scale enterprises and the informal sector. This is because of various challenges and constraints that women

face as they try to access micro credit finance. Therefore, irrespective of the efforts made, there still remains a perceptible gap in financing credit needs of the poor especially women in the rural sector.

## 1.2 Statement of the problem

Women are the mainstay of many countries' economies as well as the backbone of their countries development. Empowering women economically boosts both gender equality and the wealth of nations. It has been emphasized that, access to micro credit finance by the low income client can help improve the client's situation. Therefore, economic empowerment of women has been closely tied to the availability and better access to micro credit finance, although this may not necessarily be the automatic outcome.

There have been several measures aimed at economic empowerment of women. The use of self help groups to increase access to credit is one such measure. However this has had its own challenges. For example, accessing credit finance especially when it involves banks, requires lengthy procedures for loan disbursements, high transaction costs and generally lack of supervision and monitoring. Other financial institutions that self-help groups get credit facility from are micro finance institutions (MFIs). Unlike the large banking institutions, micro finance institutions have been instrumental to women empowerment. This has been through availing to them micro credit finance to support their enterprises in order to control key economic resources. That notwithstanding, it has still been an uphill task for women in accessing micro credit finance from MFIs. This is because these institutions require women entrepreneurs to be part of a group in order to access loans. Women are also constrained by: lack of property rights, productive and reproductive demands, restrictions due to household and child care responsibilities and lack of mobility. The study therefore, sought to investigate challenges and constraints faced by members and specifically women of Busara Women Support Programme in accessing micro credit finance.

## 1.3 Research Questions

The study sought to answer the following research questions:-

1. What were the socio-cultural challenges faced by members of Busara Women Support Programme in accessing micro-credit financing?



2. What were the economic challenges faced by members of Busara Women Support Programme in accessing micro-credit financing?
3. What were the requirements from MFIs which constrained members of Busara Women Support Programme from accessing micro-credit financing?

#### **1.4 Study objectives**

##### **1.4.1 General objective**

To investigate challenges and constraints which were faced by members of Busara Women Support Programme in accessing micro credit finance from MFIs.

##### **1.4.2 Specific objectives**

1. To examine the socio-cultural challenges which members of Busara Women Support Programme faced in accessing micro credit finance from micro finance institutions.
2. To investigate the economic challenges faced by members of Busara Women Support Programme in accessing micro credit finance from MFIs.
3. To explore the requirements from MFIs which constrained members of Busara Women Support Programme from accessing micro credit finance?

#### **1.5 Justification of study**

The benefit of promoting women's socio-economic empowerment spreads beyond the individual woman to her children, family, community and the nation. The study unveiled the current status of utilizing services from micro finance institutions by members of Busara Women Support Programme by elucidating challenges which members faced when accessing micro credit finance. The findings of the study improved policy makers' understanding of the challenges faced by members of Busara Women Support Programme especially women, in accessing micro credit finance. This in turn serves as an important tool for any possible intervention aimed at making it easier for women to access credit in the country. Furthermore, the results of the research availed new information and gaps which research institutions could use for further research. The MFIs could also utilize the findings of the study in improving their products and addressing some of the constraints and challenges faced by their clients in accessing credit.

## 1.6 Scope and Limitation of the study

The study focused only on the relevant MFIs which members of Busara Women Support Programme had accessed credit finance from. It excluded other financial or large banking institutions which offer credit facilities. The study sought to find out: the socio-cultural challenges, economic challenges, and constraints caused by institutions' requirements which were faced by members of Busara Women Support Programme in accessing micro credit finance. It also sought to find out the impact the credit facility had had on the members of the group.

Limitations of the study lay in the fact that a small number of women and men (relative to the total population in Kenya) as well as credit officers were studied. That adversely affected generalizability of the study results. In addition, refusal by some of the members to participate in the study limited the amount of data that was collected.

## 2.2 The role of Micro Finance Institutions

Following Micro Finance Institutions (MFI) have come to the recognition that the twin goals of empowering women and developing poor communities are closely connected. Pitt and Khundker, (1998) indicate that micro credit finance taken by the women rather than the men of the household increased women's self-land assets and children's education. It also doubled women's expenditure than if the credit was given to the husband. There could be two reasons for this, that women are good for micro finance or that micro finance is good for women. Most MFIs lend to women because women are generally more credit worthy than men. Women have proven that they are excellent micro-entrepreneurs, have low arrears and steadily repayment rates (Ogden-Smith, 2002).



## CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

### 2.1 General overview of socio-economic empowerment of women

The reasons for the lack of economic empowerment of women are deeply rooted in African history. In traditional Africa, women were involved in the economy as de facto managers of income generating activities as husbands were involved in non-farm businesses. The coming of the colonial economy created title deeds which made men the sole owners of land, rendering women economically weak (Akinyi, 2009). The colonial regime also moved men from rural areas to urban areas. This worked to overburden women with the running of homes, compounding further, the economic instability of women. Poverty and negative cultural practices have also contributed to the lack of empowerment among women. Accessing credit is a major constraint on women's ability to earn income. As far as credit facility and women are concerned, for a long time, the trend, has been that of micro finance institutions extending small and soft loans to women and women groups to help them get out of poverty and to support their small enterprises (Ndegwa, 2008). Before that, the situation was even worse with women being unable to access credit facilities due to lack of title deeds. The micro finance sector has had a significant role in increasing women's involvement in economic activities. It is approximated that women the world over make up 74% of the 19.3 million of the world's poorest people now being served by micro finance institutions (Akinyi, 2009).

### 2.2 The role of Micro finance Institutions

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Micro finance institutions also view micro finance as a way in which the gender inequalities that exist can be corrected. MFIs have thus been able to contribute to the creation of a financial system where no person is excluded and women's inclusion is increased (Wish, 2006). Generally, women had been excluded for a variety of reasons, which include: lack of property rights, productive and reproductive demands on women, restrictions due to household and child care responsibilities and lack of mobility (Oikocredit, 2009). Close to fifty per cent (50%) of the women in Kenya currently, have access to credit which is mostly from informal savings mechanisms and micro finance institutions. The main institutions which offer micro credit finance to women include; Kenya Women Finance Trust (KWFT), Kenya Rural Entrepreneurship Programme (K-REP), United Women's Savings and Credit Co-operative Society (UWSCCS) and the National Association of Self-Employed Women of Kenya (NASEWK) among others (GOK, 2008). The Women Enterprise Fund (WEF) has also used MFIs institutions in the disbursement of funds indicating their growing significance in improving women's access to credit facilities. Examples of MFIs that have been used as financial intermediaries include, but are not limited to: K-REP Development Agency, Jitegemea Credit Scheme, Small & Micro Enterprise Programme (SMEP), Jamii Bora Trust, Bright Enriched Empowerment Programme, Umoja Women Entrepreneur Programme and South Imenti Micro Finance (GOK, 2009). MFIs have recorded notable gains. The sector has transformed from an insignificant player to a recognized sector. It has potential to equitably offer financial services to the active poor women in viable micro-enterprises. Further it has capacity to not only empower enterprising women through access to finance but also through provision of business skills hence drastically reducing poverty.

### **2.3 Socio-economic empowerment of women**

Micro finance institutions (MFIs) have identified the empowerment of women as a possible development vehicle. Access to credit and savings facilities strengthens women in making economic decisions. In addition it improves their skills, knowledge and support networks and also enhances the status of women in the society (Akinyi, 2009). Financial empowerment has helped women to acquire more self-esteem, more respect and generally has enabled women to have a greater impact on their communities' development (Wish, 2006). This is because women are considered to be more responsive to the long-term needs of their households than men. In addition to investing in their families, women also invest in their own skills giving them power to strengthen their bargaining position in their households and influence strategic decisions to determine their future (Oikocredit, 2009).

Many success stories that indicate the effectiveness of micro finance institutions exist in Kenya. Miriam Nganga's is one such story. She is a recipient of credit from Pamoja Women Development Program (PAWDEP). The credit made it possible for her to expand and move from beekeeping to dairy farming. She was able to enlarge her milk processing business into yogurt production. In addition, following the assistance she was given, she has been able to market her products personally and therefore got better returns than she would have been getting, had she been selling through a dairy (Oikocredit, 2009).

Pamoja Women Development Program is an Oikocredit project partner. PAWDEP has about 70 staff members. Of these, 58 are women and 12 are men. They have 48,000 clients in five provinces in Kenya. They combine loans with practical training to empower women with skills to manage the money well. The Jamii Bora Trust has helped to secure housing for many women and also to boost their businesses (Jamii Bora Trust, 2006). The KWFT and Kenya Rural Enterprise Program (K-Rep) do not only offer women credit facilities they also give women an opportunity for acquiring entrepreneurial skills by undergoing six weeks business training for the new community groups of women (Government News, 2009).

Another organization which has been instrumental to women economic empowerment is Opportunity International. This is an organization that provides small business loans, savings, insurance and training to more than two million people working their way out of poverty in the developing world. It serves clients in more than 20 countries Kenya included and works with fundraising partners in the United States, Australia, Canada, Germany and the United Kingdom. Opportunity International was one of the first non-profit making organizations to recognize the benefits of providing small business loans as capital to those working their way out of poverty, initially distributing these loans via the Trust Group model (Opportunity International, 2010).

In 1991, a group of Opportunity supporters formed the Women's Opportunity Network (WON) and created an innovative group-lending methodology called the Trust Group. A typical first point of entry, the Trust Group joins together 10 to 30 entrepreneurs who elect leaders and pledge to guarantee each other's loans. Because the group guarantee replaces the need for collateral, credit becomes available to those previously excluded from formal financial services. Each week, Trust Groups gather to repay



their loans. Trust Groups have proven highly effective with an overall 98 percent repayment rate. The organization also provides educational sessions to develop business skills and enhance personal growth. In 2009, almost 1.2 million clients received transformative training on a wide range of topics.

Opportunity International-Kenya's tiered lending structure helps clients gain access to increasing amounts of financing as their businesses grow. Furthermore the direct effect of making reliable income achievable for a woman and the resulting sustainable development has been clearly demonstrated. Since 2005 Opportunity International -Kenya is building a micro finance bank in Kenya capable of benefiting one million adults and children by 2015. As a commercial bank, it will offer clients an array of financial services beyond what the predominant non-profit structures allow. The poor will gain access to savings deposit services, credit/life insurance and responsive loan products that provide complex solutions that meet their needs.

## **2.4 Challenges of accessing Micro credit finance**

Challenges facing women in accessing micro credit finance could be categorized into three broad areas as follows: socio-cultural challenges and economic challenges as well as constraints imposed by MFIs.

### **2.4.1 Socio -cultural Challenges**

Discriminatory land and property ownership rights have contributed much to the poor access of credit facilities for women. Women's property rights are unequal to those of men in Kenya. The rights of women to own, inherit, manage and dispose of property are under constant attack from customs, laws, and individuals who hold the belief that women cannot be trusted with or do not deserve property (Humans Rights Watch, 2003). These property rights violations have devastating effects which include violence, poverty, homelessness and generally a decline in Kenya's overall development. Current statistics indicate that only about 5% of Kenyan women own land title deeds, an effect of discriminative property rights (Government News, 2009). The effect of this is closely linked to access to credit facilities. This is because in Kenya most credit facilities have been linked to property ownership especially land; this places women at a disadvantage in accessing credit. This is made worse by unequal distribution of resources in families, which makes it especially difficult for women to raise necessary savings to participate in a group (Akinyi, 2009).

Some women do not have knowledge about the financing opportunities from MFIs. This is contributed to by the perception of society that a woman's place is in the home. There are challenges related to beliefs of the society concerning the role of the woman and the expectations society places on her which limit her from accessing credit. Some cultural beliefs hold that, a woman should not own any money and any that comes to her possession should be surrendered over to her husband. Therefore in some cases, women access credit only to pass it on to others who often are not directly accountable, leaving them with the burden of loan repayment.

Many women lack the technical know-how such as basic book keeping skills to run a business because of lack of basic education. This could lead to misappropriating the finances meant for business by diverting it to other use. In applying for the loans some women are taken advantage of by unscrupulous credit officers who purportedly assist them fill loan application forms. They could sign for so much and receive less without questioning.

The heavy productive and reproductive demands on women, their general lack of mobility and access to child care services make it difficult for them to access credit. Sometimes women are not even allowed to join the groups which are a prerequisite to accessing credit facilities. For others, even where they join they are not allowed to go for the group meetings hence miss out on important issues that are discussed by other group members.

Poverty causes women to divert business money to satisfaction of other family needs. This in turn, means that they will not be able to repay the loans when required. They could consequently drop out from their groups posing a challenge especially if they had taken loans whose burden of payment would rest on the remaining group members. In addition, their default means that other group members can not access credit until the defaulting members' loans are repaid in full.

#### **2.4.2 Economic Challenges**

Women are generally engaged in informal employment. Some authors argue that poverty is closely related to the type of employment that people are engaged in (Dejene, 2004). This perhaps explains why women remain in low economic status as most of them are found in the informal sector. In addition to this, disproportionate gender division of labour in the household makes it difficult for the



women to be involved in highly productive work outside the homes. This is because in trying to meet the household needs women generally lack time to engage in other activities (Dejene, 2004). Other inequalities in access to and control over productive assets like land, labor, credit and earned income have enhanced the vulnerability of women to poverty. This in turn creates economic challenge which impedes women from accessing micro credit finance. Gender biases continue to exist in the labor market whereby women earn less than their male counterparts in jobs requiring similar qualifications and skills. Women are therefore unable to save up to meet requirements of the MFIs.

### **2.4.3 Requirements and constraints from micro finance institutions**

Some of the constraints from micro finance institutions include: High cost of service delivery with poor infrastructure, regulatory policy issues and lack of institutional leadership.

Often there has been criticism directed at MFIs concerning high interest rates for credit among other things. The operating costs of MFIs, especially in developing countries are increased largely by underdeveloped infrastructure and poor communication technology means. This in effect leads to increased interest rates for loans compared to MFIs operating in developed countries.

Government regulations faced by MFIs are many times ambiguous and opaque. The Kenya Women's Finance Trust (KWFT) fought for increased transparency in regulatory policy. It urged the government to approve and publish regulations which guide MFIs in formalization process. The Micro finance Act of 2006 became operational in May 2, 2008 and allows MFIs to register under it to take deposits (Akinyi, 2009).

Inadequacy of micro finance institutions in the rural areas means that the credit needs of women in such areas are not met. The concept of credit for women has emerged from the insistence by women oriented studies that there is discrimination in women gaining access to credit facilities (Manohar, 2007). Before the 1990s, the credit schemes for women especially those in rural areas were negligible (Government News, 2009; Institute of Economic Affairs, 2008). While there has been considerable increase in the number of credit schemes, there still remains a perceptible gap in financing credit needs of the poor especially women in the rural sector.

Most MFIs provide loans to low-income entrepreneurs with the amounts that can be given to an individual varying from one MFI to another. For instance Jamii Bora Housing of Kaputei gives a maximum of ksh 10000 while KWFT, gives a maximum of ksh 20000. Usually, there are different loan products with a provision that women who are entrepreneurs get more money for business capital. The interest rate on these loans is generally slightly lower than those of loans in commercial banks, for example loans given to individuals at Jamii Bora Housing gain interest at a flat rate of 0.5% per week. The rate is given per week as the repayment period is 50 weeks. Jamii Bora reports that on average most women pay within 3-5 months (Jamii Bora, 2006). Generally, the repayment period is usually a maximum of one year. However, for some members the one year repayment period is a significant reason for the defaults in repayments. Increase of such failures reduces opportunity for other women to borrow.

Individuals borrowing money have to be registered members of a group and should have saved with the micro finance institution for a stipulated period of time. Some MFIs require collateral, a male salaried guarantor or literacy skills especially when it involves a bigger loan. Many poor women are either widowed or single, have no basic education and they do not have property to charge as collateral or any other source of income. Therefore many women are barred from accessing credit facility to finance their enterprises as and when they want, since they simply can not meet requirements of MFIs.

A significant challenge is that, the cost of legality in developing countries is high, making the informal sector the only affordable venue for operating a business venture. Thus according to Dessy, (2006) micro finance institutions are necessary but not sufficient to achieve female empowerment. The high cost of legality stems from the fact that most power for enforcing business contracts is largely the preserve of the politically powerful especially as far as high productivity results are concerned. In addition to this, the cost of registering a business is sometimes increased by requests for bribes which most women may not be able to pay (Dessy, 2006). Many MFIs are not willing to find alternative ways to make women "bankable" because it means less returns as loan sizes are small and perceived as involving higher risk.

## 2.5 Gender and Development Approach

The Gender and Development (GAD) approach was used to inform the study. The GAD approach seeks to understand the roles, responsibilities, resources and priorities of men and women within a specific context. Over the years, discourse on the advancement of women and gender equality in relation to the development process has evolved from women in development (WID) to the gender and development (GAD) (Moser, 1993).

Gender and development approach examines the relative positions of men and women in society and how the systems governing the relations between them affect their ability for participation in development (FAO, 1997). Gender and development approach developed from the growing consensus that sustainable development requires an understanding of the roles of women and men and their responsibilities as well as their relationships to each other (Downer, 1997). Gender and development approach has several principles, one of which is, working on more than one level (using practical and strategic needs) to bring about change in gender relations and working in a participatory way with both men and women and taking a broader, more historically informed view of gender relations and the social context in which they exist (Downer, 1997). Maxine Molyneaux was the first to use the term 'practical needs' and 'strategic interests'. She was advocating for the integrated action on both (Molyneaux, 1985). GAD approach examines the social, economic and environmental factors which influence the roles of both men and women and their capacity for decision making.

The approach also places emphasis on gender mainstreaming, a strategy where gender issues are addressed in all development policies and projects regardless of the type of project or sector. Mainstreaming discourages the segregation of gender issues and ensures that the needs, priorities and interests of women and men are considered in all levels and stages of development activities. In the GAD approach, the responsibility for achieving gender equity is shared by various actors; men, women, planners, managers, policy analysts and program staff. Gender and development therefore, is emerging as a progressive approach to development. It is part of a larger work of creating an alternative development model, for a world view which moves beyond an economist analysis to include environmental, sustainable and qualitative aspects in its definition of development (Karl, 1995).



## 2.6 Relevance of the Approach to the study

Gender mainstreaming as one of the key principles of the GAD approach discourages the segregation of gender issues into separate women's projects. Membership of Busara Women Support Programme therefore, cuts across gender to include both men and women. Gender and development approach examines the relative positions of men and women in society and how the systems governing the relations between them affect their ability for participation in development (FAO, 1997). The above came to play in examining the social-cultural and economic challenges faced by the female as well as male members of Busara Women Support Programme in accessing micro credit finance from MFIs. It sought to examine whether the challenges that female members faced in accessing micro credit finance were faced by male members too.

Gender and development approach aims at transforming unequal relations. Kabeer (1995), states "empowerment cannot be given, it must be self-generated, by facilitating women's access to enabling resources which will allow them to take greater control of their lives." In line with the above assertion, with credit made accessible to members especially the women, they would be able to establish income generating activities and hence take control of their lives in a more sustainable manner.

Gender and development approach requires that social, political and economic structures and development policies be examined from the perspective of gender relations (Jackson and Pearson, 1998; Molyneux, 1998; UN, 1999). In relation to this approach therefore, there was need to examine from perspective of the relationships between men and women, how social, political and economic structures and development policies in the country, had affected access to micro credit finance by members of Busara Women Support Programme in specific and generally by other organized groups in the country.

## 2.7 Assumptions of the study

The study was guided by the following assumptions:-

1. Socio-cultural challenges were an impediment to members of Busara Women Support Programme's access to micro credit finance.
2. Economic challenges constrained women's ability to access micro credit finance.
3. Requirements from MFIs constrained women from accessing micro credit finance.

## Definition of key terms

1. **Micro finance Institutions**-Financial institutions dedicated to assisting small enterprises, the poor and households who have no access to the more institutionalized financial systems in mobilizing services and obtaining access to financial services.
2. **Micro finance** - Financial services for poor and low-income clients. In practice, the term is often used more narrowly to refer to loans and other services from providers that identify themselves as “micro finance institutions” (MFIs) (CGPA, 2010).
3. **Micro credit**- Very small loans for unsalaried borrowers with little or no collateral, provided by legally registered institutions.(CGPA, 2010)
4. **Access**- Access is an opportunity that women and men have to make use of resources for their work of production, reproduction and other community roles. In general, women and men have different levels of need for use of resources. Access to resources gives people their livelihoods in a sustainable manner hence empowerment.



## CHAPTER THREE: METHODOLOGY

### 3.1 Introduction

This chapter presents the methodology that was used to carry out the study. It gives an outline of the research setting, study design, research population and sampling procedure. Further, it outlines methods of data collection, data processing and analysis. It then concludes with stating the ethical issues relating to the proposed study.

### 3.2 Research Setting

The study site is Githurai location which is situated in Kasarani District of Nairobi Province. It is a peri-urban setting where people engage themselves in different day to day socio-economic activities. The area was purposively sampled due to the fact that it is home to people of diverse ethnic backgrounds. The residents are involved in similar economic activities (i.e. small scale trade in vegetables and fruits as well as second hand clothes and shoes) and are faced by similar challenges.

Githurai has developed from villages where Kenyans have settled during the migration days to urban centers. The population of Githurai represents a mix of all the Kenyan tribes and is mainly composed of middle and lower class people. The total population of Githurai is estimated at 66,979 people by the 1999 census (GOK, 2003). Most people living in the area work in the city as employed persons while others are self-employed. The women of Busara Women Support Programme are largely self-employed and run their own businesses: trading in fruits and vegetables and second hand clothes among other things.

### Study design

The study was descriptive and cross-sectional in nature. It sought to obtain information about the factors which translate into challenges which hinder easy access to micro credit finance by members of Busara Women Support Programme. Descriptive designs were used to draw assumptions and identify challenges in access to credit by members of Busara Women Support Programme

### 3.4: Study population

The total study population (Busara Women Support Programme) comprised 120 members (105 women and 15 men). That population was divided into 12 smaller groups of 9 members each and one group

leader. Each group had at least one male member. The study chose to include men in order to provide a balanced view of the challenges faced in accessing micro credit finance. Since the study was interested in establishing the challenges women faced in accessing micro-credit finance, the number of women interviewed was deliberately higher than that of the men.

### **3.5: Sample selection**

A sample is a subset or proportion of the total population (Bailey, 1987; Bernard, 1994). A sample size of persons was used in this study. The sample population comprised 50 members of Busara Women Support Programme (38 women, 12 men) and 4 officials. The sample population comprised members who had been resident in Githurai location for not less than five years and had accessed credit from MFIs. Random sampling method was applied to select respondents for the interview using the structured questionnaire. Purposive sampling technique was used to select respondents for key informant interviews which included 2 officials from relevant MFIs and 2 group leaders of Busara Women Support Programme. Key informant interviews elicited qualitative data which enriched data collected through the questionnaire.

### **3.6: Methods of data collection.**

In this study, various primary methods of data collection were utilized.

#### **3.6.1 Primary data collection methods**

##### **3.6.1.1: Structured interview**

The main tool used in the structured interview was standardized structured questionnaire. The questions in the standardized questionnaire were both open and closed ended. The questionnaire was used to generate information on challenges that faced members of Busara Women Support Programme, (particularly women) in accessing micro credit finance. The main themes of the questionnaire were the socio-demographic characteristics of the study population, their opinions regarding accessing micro credit finance through MFIs, challenges that the study population faced in accessing credit, impact of credit to the members, strategies to counter the challenges and suggestions they had regarding increasing access to micro credit finance. The interviewer issued out the structured questionnaires to be filled by the respondents. Those who were not able to read and write had their responses filled in by the interviewer. 50 structured interviews were conducted (Appendix 3).

### **3.6.1.2 Focus group discussion**

Two focus group discussions (FGDs) were conducted with members of Busara Women Support Programme. The FGDs were important in this study since they allowed participants to explain their thoughts on accessing micro credit finance from MFIs. Those thoughts were put in context as related to their personal experiences. The FGDs conducted also assisted in allowing for verification of information obtained from the structured questionnaire. The discussion groups consisted of between 6 to 12 dicussants. A discussion guide for focus group discussion with guiding questions was used. (See Appendix 3)

### **3.6.1.3 Key informant interview**

Four key informant interviews were conducted with informants who included group leaders and credit officers. The key informants were selected from professionals and knowledgeable persons in Busara Women Support Programme and credit officers from MFIs in charge of approving loans. Their selection was done through purposive or 'snow ball' sampling. In this case, those to be interviewed led us to others who had experiences and knowledge on micro finance issues. The informants gave insights, drew their knowledge, experiences and professional observations. These were used to augment data obtained through secondary sources for such as; books journals, records and media information. Guides for the key informant interviews were used (Appendix 4 and 5).

### **3.7 Data processing and Analysis**

During the study, data collected was both quantitative and qualitative. Therefore two methods of data analysis were utilized. Data from structured questionnaires was coded according to specific variables and quantitatively analyzed using Statistical Package for Social Sciences (SPSS). The closed ended questions were coded then the raw data entered and eventually analyzed and presented in frequency and percentage output tables, and pie charts. Data from focus group discussions and key informant interviews were organized, summarized and presented in verbatim quotes according to emerging themes.



### 3.8 Ethical Considerations

Informed consent was sought from the potential study subjects before inclusion into the study. All information obtained from the study participants was treated with utmost confidentiality and was used only for the purposes of the study. The study subjects remained anonymous. Permission to conduct research and record data on the premises of institutions that offer credit facilities was also sought. Further, permission to conduct research was sought from the Ministry of Higher Education Science and Technology.

#### 4.2 Background information on respondents

There were 50 respondents in the sample, 38 women and 12 men. More women were interviewed because of the research topic which has a great bearing on the female gender. It was necessary to include male respondents in order to provide a balanced opinion. Of the two focus group discussions (FGDs) held each had 2 men and 8 women. Key informants comprised 3 study group leaders and 2 credit officers from micro finance institutions.

Figure 4.1 shows age distribution of respondents. The issue of Age was important in the study as it would indicate whether there was age balance in the responses given. From the analysis, 36% and 32% of the respondents were in the age brackets 26-35 and above 40 years respectively while 12% and 20% were in 18-25 and 36-45 age brackets. (Fig. 4.1)



# CHAPTER FOUR: FINDINGS OF BUSARA WOMEN SUPPORT GROUP STUDY

## 4.1 Introduction

This chapter presents the findings of the study. It divided into four sections. The first section deals with background information on respondents which includes their age gender and marital status. The second section focuses on socio-demographic factors affecting access to micro credit finance. The third section presents findings on challenges of accessing credit facilities. The last part deals with the impact of credit facilities.

## 4.2 Background information on respondents

There were 50 respondents in the sample, 38 women and 12 men. More women were interviewed because of the research topic which has a great bearing on the female gender. It was necessary to include male respondents in order to provide a balanced opinion. Of the two focuses group discussions (FGDs) held each had 2 men and 8 women. Key informants comprised 2 study group leaders and 2 credit officers from micro finance institutions.

Figure 4.1 shows age distribution of respondents. The issue of Age was important in the study as it would indicate whether there was age balance in the responses given. From the analysis, 36% and 32% of the respondents were in the age brackets 26-35 and above 40 years respectively while 12% and 20% were in 18-25 and 36-45 age brackets. (Fig. 4.1)

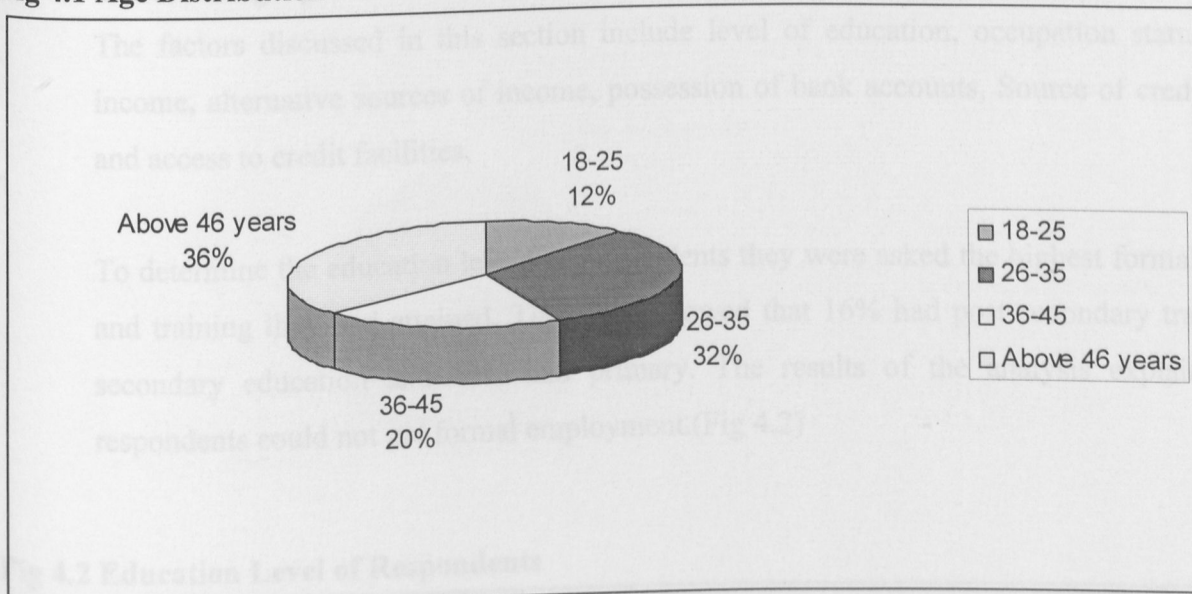
Category	Frequency	Percentage
Male	12	24
Female	38	76
Total	50	100

Source: Survey data (2019)

### Marital Status

Majority of the respondents (50%) were married, 20% were single, 14% were divorced and 16% were widowed. This showed that most respondents had families. Taking into consideration the challenge of bringing up a family the above marital distribution (50% are parents families) loan repayment was likely to be high.

**Fig 4.1 Age Distribution**



**Source; Survey data (2010)**

Analysis of the gender of respondents who participated in the study showed that majority (76%) were female while 24% were male. This could be explained by the kind of business the group was engaged in, that is, dealership in vegetables and second hand clothing which mostly women engage in. (Table 4.1)

**Table 4.1 Distribution by gender**

Category	Frequency	Percentage
Male	12	24
Female	38	76
<b>Total</b>	<b>50</b>	<b>100</b>

**Source; Survey data (2010)**

### **Marital Status**

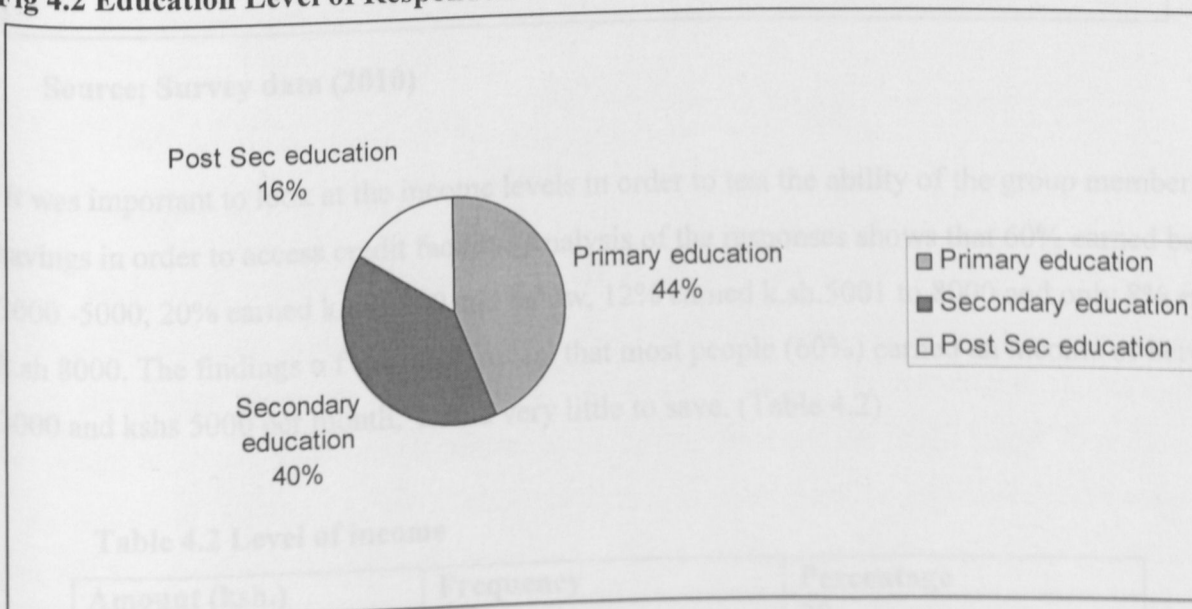
Majority of the respondents (50%) were married, 30% were single, 14% were divorced and 6% were widowed. This showed that most respondents had families. Taking into consideration the challenge of bringing up a family the above marital distribution (50% one parent families) loan repayment was likely to suffer

### 4.3 Socio-demographic characteristics of the study group

The factors discussed in this section include level of education, occupation status, level of income, alternative sources of income, possession of bank accounts, Source of credit facilities and access to credit facilities.

To determine the education levels of respondents they were asked the highest formal education and training they had attained. The result showed that 16% had post secondary training 40% secondary education and 44% had primary. The results of the analysis explain why the respondents could not get formal employment.(Fig 4.2)

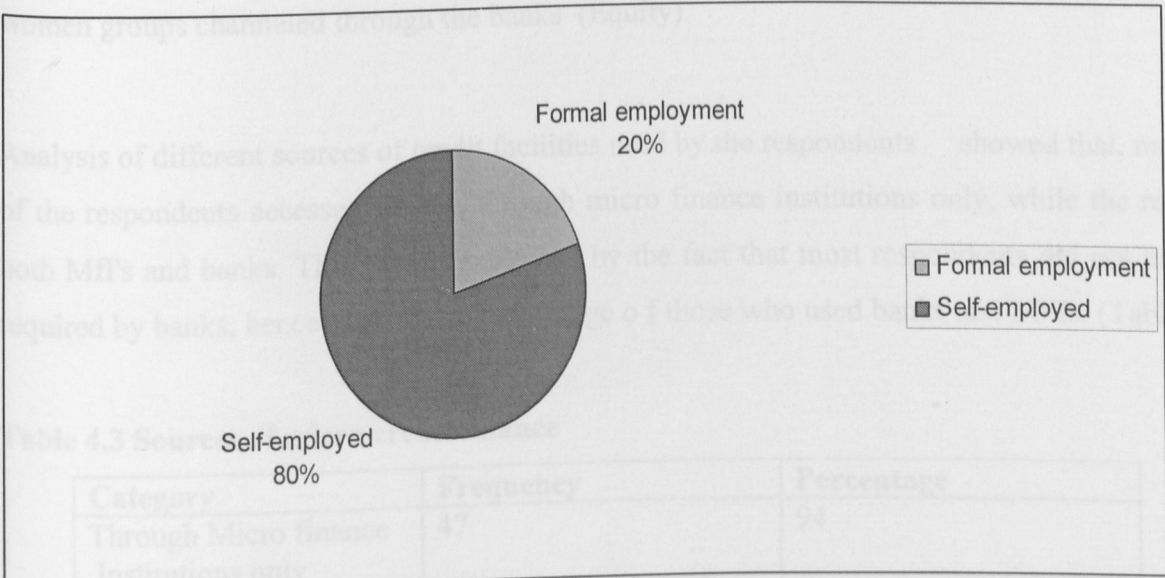
**Fig 4.2 Education Level of Respondents**



Source: Survey data (2010)

Occupational status of respondents was analyzed and showed that majority (80%) were self employed while 20% were in formal employment. Those on self employment were engaged in occupations such as selling vegetables and fruits, making and selling foods in construction sites, selling some new and second hand clothes, hairdressing and dressmaking. Those employed worked as watchmen and security guards, domestic workers, shop and hotel attendants and primary school teachers.(Fig 4.3).

**Fig 4.3 Occupational Status**



**Source; Survey data (2010)**

It was important to look at the income levels in order to test the ability of the group members to make savings in order to access credit facility. Analysis of the responses shows that 60% earned between ksh. 3000 -5000, 20% earned k.sh 3000 and below, 12% earned k.sh.5001 to 8000 and only 8% earned over k.sh 8000. The findings of the study reveal that most people (60%) earned an income of between kshs 3000 and kshs 5000 per month, hence very little to save. (Table 4.2)

**Table 4.2 Level of income**

Amount (ksh.)	Frequency	Percentage
3000 and below	10	20
3000 - 5000	30	60
5001 -8000	6	12
Above 8000	4	8
<b>Total</b>	<b>50</b>	<b>100</b>

**Source; Survey data (2010)**

It was necessary to find out whether respondents had bank accounts as an indication that they could effectively save. All the respondents said they had bank accounts. The reason given for having bank accounts was the presence of many local banks and micro finance institutions which required members



to open accounts with them in order to save to qualify for credit as well access government funds to women groups channeled through the banks (Equity).

Analysis of different sources of credit facilities used by the respondents showed that, majority (94%) of the respondents accessed credit through micro finance institutions only, while the rest (6%) used both MFI's and banks. This can be explained by the fact that most respondents did not have collateral required by banks, hence the smaller percentage of those who used banks and MFIs. (Table 4.3)

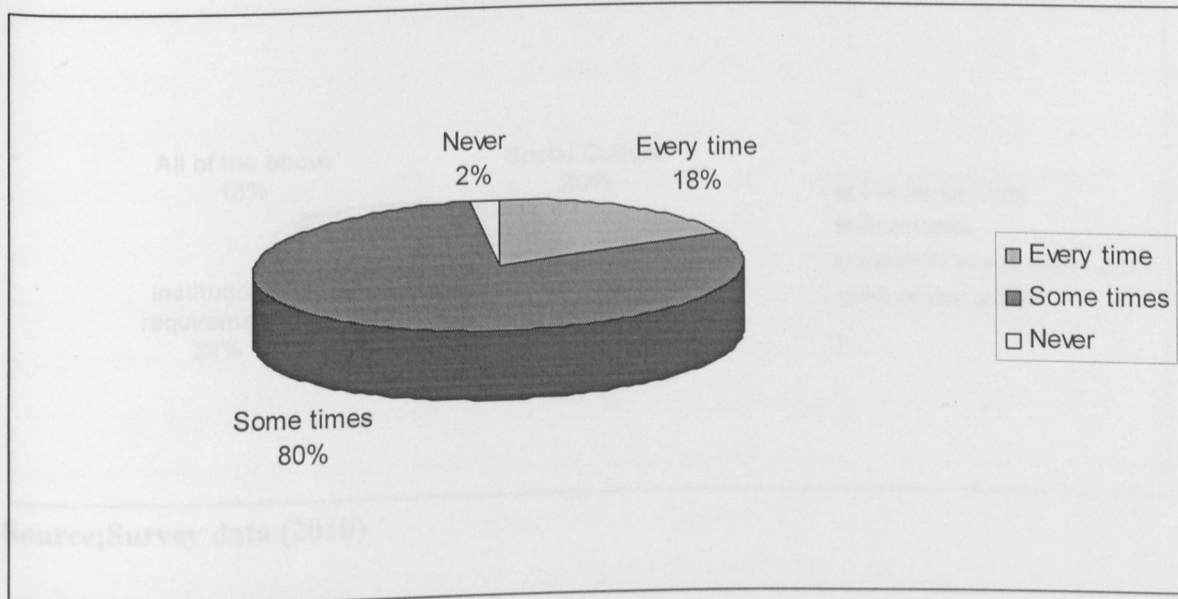
**Table 4.3 Sources of micro credit finance**

Category	Frequency	Percentage
Through Micro finance Institutions only	47	94
Through Banks and MFI'S	3	6
<b>Total</b>	<b>50</b>	<b>100</b>

**Source; Survey data (2010)**

In the analysis of whether members were able to access micro credit finance whenever they needed 80% of respondents said sometimes, 18% said every time and 2% said they never accessed credit. Analysis of data from an FGD showed that majority (80%) of discussants felt that it was more beneficial to access micro credit finance from MFI's because the credit terms were favorable, loans were processed in a short period, group members were allowed to co-guarantee one another, MFI's did not ask for additional security, MFI's provided training hence giving members skill and knowledge to start and manage their own businesses. However in the same group some respondents (20%) felt that MFI's requirements hindered individual growth. A good example is where a member could be denied loan if he or she was a guarantor to a defaulter. (Fig. 4.4)

**Fig.4.4 Access to Credit**



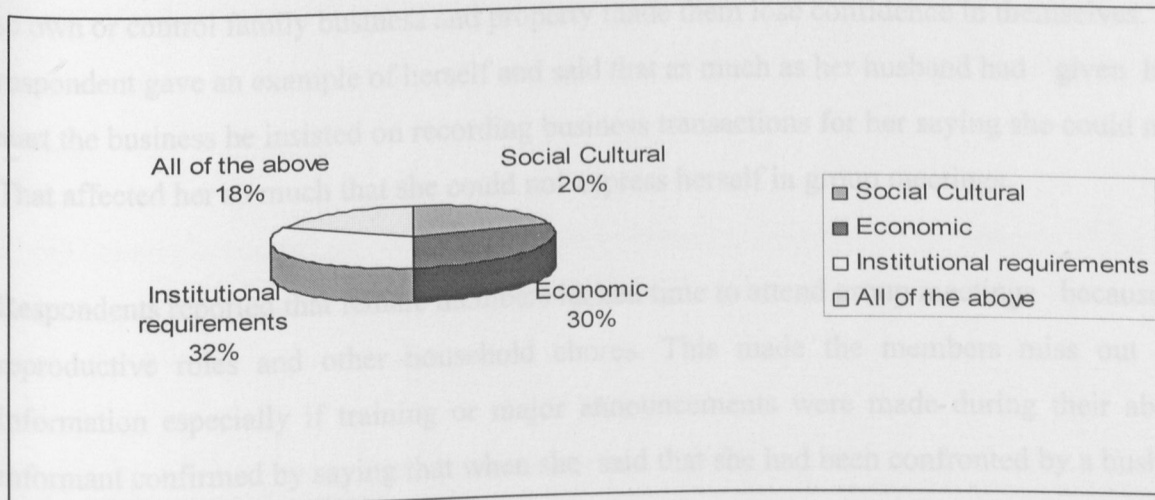
**Source; Survey data (2010)**

A key informant reported that some members just declined to save or saved a very small part of their income hence they could not access credit from MFIS .

#### **4.4 Challenges of accessing Micro credit finance**

Analysis of the frequent challenges faced when trying to access micro credit finance, 32% of respondents indicated institutional requirements, 30% said economic challenges, 20% socio-cultural challenges and while 18% said they suffered socio-cultural, economic and challenges emanating from requirements of MFIs. (Fig.4.5)

**Fig 4.5 Challenges faced when trying to access micro credit finance from MFI?**



Source; Survey data (2010)

#### 4.4.1 Socio-cultural challenges

Analysis of the participants' responses showed that majority (80%) of the respondents felt that there were socio-cultural challenges which hindered many of the female members from accessing micro credit finance while 20% percent felt there were no socio-cultural challenges. (Table 4.4)

**Table 4.4 Do Socio-cultural challenges hinder women from accessing credit?**

Category	Frequency	Percentage
Yes	40	80
No	10	20
<b>Total</b>	<b>50</b>	<b>100</b>

Source; Survey data (2010)

Discussants in one of the FGDs cited Patriarchy, (the rule of the fathers) as the major challenge which caused interference in the business income by the spouse who felt all property in the home belonged to him including the wife's loans. They added that Interference by in-laws interfered in the business claiming it was their brother's property. That led to misappropriation of the business capital by the relatives. This means that the member could not repay their loan hence causing penalty to the entire group.



To add to the above, respondents reported that cultural practices which deprived women of their right to own or control family business and property made them lose confidence in themselves. A female respondent gave an example of herself and said that as much as her husband had given her capital to start the business he insisted on recording business transactions for her saying she could not do it right. That affected her so much that she could not express herself in group meetings.

Respondents reported that female members lacked time to attend group meetings because of their reproductive roles and other household chores. This made the members miss out on important information especially if training or major announcements were made during their absence. A key informant confirmed by saying that when she said that she had been confronted by a husband to one of the member saying he could not understand why a women's group had recruited male members if the groups activities were about women empowerment. She said that the man had left saying that he would never allow his wife to attend the group meetings at all.

Respondents reported that men had abandoned their responsibilities of providing for their families saying women could as well do it since they had income. That meant that business capital would be diverted to settling family bills and loan repayment would be defaulted.

An analysis of the education levels revealed that 44% of the members only had primary education and no further training in book keeping hence no adequate education, knowledge and skills to identify, start and manage a business.

#### **4.4.2 Economic Challenges**

90% of the respondents agreed that discriminative property ownership rights which only favored men had deprived female member's opportunity to access more capital from MFIs and banks because of lack of collateral. This means that women's businesses could not expand beyond a certain level because group guaranteeing was no longer viable.

Discussants in one FGD cited inequalities in access to and control over productive assets like land, labor, credit and earned income have enhanced the vulnerability of women to poverty. This in turn creates economic challenge which impedes women from accessing micro credit finance.



One key informant from one of the MFIs (Jamii Bora) from which members accessed micro-credit confirmed this and said that one could only get more if they provided tangible collateral to secure the loan.

Harsh economic conditions were reported to compound the problem of poverty. When the situation became unbearable men would abandon their families hence making it worse for one parent to care for the family and sustain her business.

A key informant was in agreement and stated that poverty caused many members to divert business income to cater for family basic necessities. She added some group members simply did not have enough savings making it impossible for themselves as well as their counterparts to borrow amounts they required.

#### 4.4.3. Requirements by Micro Finance and other lending institutions.

Analysis of data from FGD discussants and survey respondents showed that requirements from MFI's posed a big challenge in accessing micro credit finance by members of Busara Women Support Programme. Some of the constraints were:

Inadequate micro finance institutions. MFIs that provide funding to small business enterprises are few compared with demand for credit. It is no wonder that they can only give small amounts and requires that it is paid on weekly basis to a maximum of one year or 50 weeks. This means that credit needs for members are not met especially where a business requires expansion

Key informants who were credit officers from MFIs confirmed that MFIs require collateral, a male salaried guarantor or literacy skills which many poor women simply do not have. Hence it becomes difficult for them to release their money to women clientèle which does not meet the above conditions for fear of losing it.

A significant challenge in start of business was reported to be cost of legality which was said to be too high for low income earners. Corruption in the process of registering a business makes some members fear expanding. It is a requirement of MFIs that for a business to get a certain larger amount it should be registered. One respondent reported that he could not get a premise which would have been quite strategic for his business simply because the amount he was required to pay for good will was too high and the MFI could not fund the business if it was not in what they considered to be a secure premise, that the cost of legality in developing countries is high, making the informal sector the only affordable venue for operating a business venture.

4.5.2 Improvement of economic status

The Key informants from MFIs reported that individual borrowing money has to be a registered member of a group and should have saved with the micro finance institution for at least 6 months. This acts to bar many women from accessing credit facility to start business because they do not have savings.

It was reported that wholesale penalty on all guarantors of a member who defaulted in loan repayment denied all the others funds to continue with their business ventures. Failure by the MFI's to give the total amount applied for by the members was reported to be a major set back for any business. This is because if one got less than they had applied for they could end up putting it into different use than was intended.

4.5 Benefits of micro credit finance

4.5.1 Credit Facility used to enhance Business

On analysis of the survey data on whether credit facility accessed was used to enhance business, 50% of respondents indicated 'most of the time,' 44% said sometimes while 6% said it was used all the time. (Table 4.5)

**Table 4.-5 Credit facilities are used to enhance business**

Category	Frequency	Percentage
All the time	3	6
Most of the time	25	50
Sometimes	22	44
Total	50	100

Source; Survey data (2010)

#### 4.5.2 Improvement of economic status

On whether micro finance given has helped members improve their economic status, majority (98%) of members agreed that credit facility had improved members economic status since those whose children were in school were in a position to pay fees without struggle. (Table 4.6)

**Table 4.6 Improvement of economic status**

Category	Frequency	Percentage
Yes	49	98
No	1	2
Total	50	100

Source; Survey data (2010)

#### 4.6 Loan repayments

Analysis of whether it was difficult to repay the loans taken out by the members of Busara Women Support Programme, showed that majority (82%) of respondents indicated that sometimes they had difficult in loan repayment, 14% said they did not have any difficulty and only 4% agreed to having difficult. They the difficult only arose only if members did not put the money into the business and also when a member changed his business. (Table 4.7)

**Table 4.7 Difficult in loan repayments?**

Category	Frequency	Percentage
Yes	2	4
No	7	14
Sometimes	41	82
<b>Total</b>	<b>50</b>	<b>100</b>

Source; survey data (2010)



## CHAPTER FIVE: DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

### 5.1 Introduction

This chapter consists of the discussion of the finding, conclusion and recommendations of the research study.

### 5.2 Discussion of Findings

The research study was designed to explore challenges and constraints which faced members of Busara Women Support Programme in accessing micro credit finance from MFIs. The respondents were asked to give their definitions of challenges in order to get their understanding of challenges. They described challenges as blockage or obstacle that prevents one from getting somewhere. Some responses from an FGD indicated that challenges were motivators to achieve in a difficult feat, while others said they were constraints. Respondents were rich in their definitions all of which gave an idea of what challenges are.

Respondents were further asked to define micro credit; many said it was loan from established money lenders who are not banks. Others said they are small loans from micro credit organizations. A key informant said it was a small loan with short repayment period which is given by a micro finance institution. All the above definitions concurred with study by CGPA, (2010) that micro-credit facilities are very small loans for unsalaried borrowers with little or no collateral, provided by legally registered institutions.

When asked to discuss access, 70% of the respondents said that access meant, to be able to reach something when need arises and utilize it to benefit you. A key informant (group leader from Busara Women Support Programme) concurred by saying that access is an opportunity that women and men have to make use of resources for their work of production, reproduction and other community roles. She added that access to resources gives people their livelihoods in a sustainable manner hence empowerment.

The findings of definitions of these key terms reveal that respondents were aware of empowerment through access to credit facility.

The findings of this study indicated that need for economic empowerment motivated the formation of Busara Women Support Programme. Most respondents indicated to access credit facilities through micro finance institutions because it was possible to get as much as needed at lower interest rate provided one had collaterals. This agrees with a study carried out in Jamii Bora (2006) indicating that interest rate on these loans is generally slightly lower than those of loans in commercial banks, for example loans given to individuals at Jamii Bora Housing gain interest at a flat rate of 0.5% per week.

One objective of the study was to examine socio-cultural challenges which hindered members from accessing micro credit finance. The study found that women are slaves of retrogressive cultural practices which do not allow them to own or control land and other factors of production. Loans which they acquire for business are controlled by their husbands who end up misdirecting them leaving their wives with the burden of repayment.

The survey found that due to gender division of labor women's roles of cooking, cleaning, ferrying water and rearing children leave them with very little time to attend to their businesses. This was confirmed by FGDs which revealed that women have a lot of household responsibilities placed on them, they are responsible for cooking, cleaning, caring for their husbands and children: the sick and the elderly. The heavy burden of housework on women therefore, limits the time they have left for income generating activities. The finding is supported by a study by Dejene, (2004) which advanced that in trying to meet the household needs women generally lack time to engage in other activities.

Men were found to be more committed in their businesses since they were their own bosses and they were fully in charge of their money. Women on the other hand were answerable to their spouses and had more reproductive roles which interfered with their businesses. The same feeling was echoed in an earlier study carried out by FAO (1997) that gender and development (GAD) approach examines the relative positions of men and women in society and how the systems governing the relations between them affect their ability for participation in development.

This study revealed that socio-cultural challenges worked to undermine the efforts of women geared towards economic empowerment. Social-cultural challenges indicate that in the African culture, only men should own and control property meaning women suffer when it comes to producing collateral in order to access credit. The findings of the study are similar to the findings by earlier studies in Government News, (2009) which emphasized that only 5% of Kenyan women own land title deeds, an effect of discriminative property rights

Patriarchy (the rule of fathers) in African societies means that most leadership positions are held by the men as expressed by an FGD that women lack opportunity to voice their concerns because of their cultural socialization. This way decisions touching on their businesses have to be made by their husbands or other men. This kind of relationship was found to impoverish women both materially and also intellectually.

A key informant cited that low levels of education contributed to the disadvantage of women of Busara Women Support Programme in accessing micro credit finance. Low levels of education and training increase chances women being employed as domestic workers and without skills to manage even a small business. This means that a loan meant for boosting business is misappropriated.

A focus group discussion established that out of the 50% respondents who were married, 90% were women who reported to rely on their husbands to provide alternative income for the business. This means that women become over dependent on their husbands to not only provide alternative source of the income but also to exercise control over their businesses and the loans. Bad decisions made by the man eventually affect the woman and her group members.

Marital status was found to pose a negative impact towards access to credit. The study revealed that 50% of the respondents were either divorced single or widowed. In this group, majority (87.5%) who were women made the MFIs fear granting them credit outright since they were a vulnerable lot.



The study established that the institutions' requirements constrained members from obtaining credit facility. Male members were found to have less of such challenges and hence it was easier for men to access credit. Majority (78%) of respondents indicated that it was easier for men to access micro credit finance because their savings were always enough and they also used group's unity to save. This was in agreement with study by Dessy (2006), which many of the MFIs require collateral, a male salaried guarantor or literacy skills which many poor women simply do not have.

Lack of micro finance institutions in close proximity to the members posed a challenge. This agreed with an earlier study by Manohar (2007), that inadequacy of micro finance institutions in the rural areas meaning that the credit needs of women in such areas are not met. Most MFIs provide loans to low-income entrepreneurs with the amounts that can be given to an individual varying from one MFI to another. For instance Jamii Bora Housing of Kaputei gives a maximum of ksh 10000 while KWFT, gives a maximum of ksh 20000. The repayment period is usually a maximum of one year, with some MFIs expecting repayment to be done in 50 weeks.

Another objective was, to examine the economic challenges in accessing micro credit finance. The study found that lack of other employment hampered most members of Busara Women Support Programme from accessing credit. This is because savings and an existing business are a precondition for accessing credit facility.

Discussants in one FGD reported that a loan on group performance was not the best way to empower women since default of one affected the entire group. This confirms findings carried out by Dessy, (2006) which showed that micro finance institutions are necessary but not sufficient to achieve female empowerment and that many MFIs are not willing to find alternative ways to make women "bankable" because it means less returns as loan sizes are small and perceived as involving higher risk.

The survey revealed that it was easier for men to access credit because their savings were always enough and they owned and controlled property which they could charge as collateral for bigger loans. One key informant (Credit Officer) said that micro finance institutions had



more confidence in male clients since they were not answerable to any one unlike the women whose money was controlled by their husbands.

Discriminative division of labor and inequalities in property rights left women doing odd jobs which could not give them good savings to attract more credit facility. Because of the many responsibilities women shoulder the meager income that comes to them is consumed immediately leaving nothing for investment.

Majority of respondents stated that most women faced economic challenges which impeded them from accessing micro credit finance due to: inequalities in access to and control over productive assets like land, labor, credit and earned income have enhanced the vulnerability of women to poverty.

Discussants in an FGD found it to be challenging for women to access micro credit finance through micro finance institutions because they only depended on the strength of the group. This is because many women did not have any other collateral. Pooling together meager income in order to get enough savings was indicated to be an economic challenge by majority of respondents bearing in mind that many businesses are very small.

Micro finance institutions were found to have posed a challenge by introducing requirements, many of which lock out members from accessing micro credit finance. The study revealed that sometimes MFIs did not give amounts of loans members asked for because some members did not pay their loans on time. Some members defaulted making it impossible for other group members to access credit facilities from micro finance institutions. It is a policy in many MFIs that a group should not access credit if any of its members has defaulted or there is an amount due and outstanding. Given this hostile economic times it is possible to find up to 3 members who have not paid their loans in time. Most respondents borrowed from friends when they did not get the amounts they requested for or disposed off the previously acquired properties at cheaper prices.

One of the key informants also alluded to this when she reported that most of the group members had defaulted in repaying their their loans. She said that it was difficult to deal with loans in groups because some members get problems repaying their loans and this ends up affecting other members who require loans. The study found that sometimes it was difficult to repay loans taken by the members of Busara Women Support Programme in cases of sicknesses or when a member changed business.

95% of the respondents indicated they had economic changes since they joined Busara Women Support Programme. On benefits gained for being part of Busara Women Support Programme, respondents indicated to have viewed women in a very different perspective, that even women have rights and responsibilities. The study revealed that the credit facilities were used to enhance business hence improving their economic status. For example some had bought plots and built their own houses and others had purchased property items. Discussants in one FGD were in agreement and reported that access to credit and savings facilities strengthened women in making economic decisions. This also agrees with the study by Akinyi, (2009) that access to credit improves their skills, knowledge and support networks and also enhances the status of women in the society.

Majority (85%) of the members of Busara Women Support Programme enjoy benefits from their togetherness. They have quarterly meetings where they only discuss about their social issues rather than money. From such interactions many members have developed confidence and self esteem. Some who could not even conduct simple prayers now have confidence to do so and express themselves in public. This agrees with a study carried out by Wish (2006), that financial empowerment helps women to acquire more self-esteem, more respect and generally have a greater impact on their communities' development.

Respondents indicated that they had put in place coping strategies as follows: Encouraging one another to boost the risk management funds which they could use as their own savings account in order to access the required amount from MFIs, sensitize all the groups to be making sure all loans are paid on time, ensure groups were registered and running smoothly.

On cultural challenges, women were sensitized on owning properties and participating a lot in various village projects. To arrest economic challenges members were encouraged to be making daily savings and put more effort in boosting their savings accounts.

### 5.3 Conclusion

Socio-cultural challenges are a major factor that continues to affect women in accessing credit facilities from micro finance institutions. Women in rural areas encounter cultural barriers such as discriminatory property control and ownership rights. Other reproductive roles also restrict them from accessing credit facilities from micro finance institutions. Women lack property which they can use as collateral to access finances from micro finance institutions which they can use to empower themselves economically.

Economic challenges continue to be a major factor in accessing credit facilities from micro finance institutions. Women in rural areas are poor due to inequality in accessing productive assets. They also engage in informal employment which is not much productive. Economic challenges hinder many women from accessing credit facilities from micro finance institutions.

Institutions' requirements continue to be a major factor to hinder Busara Women Support Programme from accessing micro-credit financing. Institutional requirements such as savings, collateral, and belonging to a group as well as registration of the group discourage many women from accessing credit from micro finance institutions.



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5.4 Recommendations

1. Micro finance institutions should try to address the socio-cultural barriers that restrict women from accessing micro credit finance from MFI's by coming up with requirements that are more favorable to women in rural areas.
2. Micro finance institutions should use group guarantors for women to access micro finance institutions.
3. Micro finance institutions should consider the economic challenges faced by women in informal employment and design loan products with low interest rates which favor such clientèle'
4. Micro finance institutions should fund profitable women projects in order to make it easy for women repay their loans as required.
5. Micro finance institutions should give ample time for women to repay their loan depending on their business performance.
6. More training should be given to women on financial management and the group be advised to have a corporate business.



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**Appendix 1: Informed Consent Form**

My name is Rosemary Mulee. I am a Master of Arts student at the University of Nairobi and will be carrying out research on the challenges faced by women of Busara Women Support Programme in accessing micro credit facilities from micro finance institutions. The study is aimed at generating information on the effectiveness of making micro credit finance more accessible to women. The findings of the study will hopefully influence policy formulation and decision making concerning gender and availability of credit facilities. In this study you will be asked several personal questions. Your answers will be treated confidentially and your identity will not be revealed. The information collected will be identified by a code number. Your name will not be included.

Your assistance therefore, will be highly appreciated.

I do hereby volunteer to participate in the research study entitled '**challenges faced by members of Busara Women Support Programme of Githurai Location in accessing micro credit finance,**' to be carried out by Rosemary Mulee of the University of Nairobi. The implications of my participation, the nature, duration, method and purpose of the research study have been explained to me fully by the study interviewer.

I have been given an opportunity to ask questions concerning this study and any such questions have been answered to my full satisfaction. I have been assured that confidentiality shall be maintained of any information I will give in this study. I also understand that I may at any time during the course of the study revoke my consent and withdraw from the study without penalty, victimization or benefit.

Respondent's signature \_\_\_\_\_

Date \_\_\_\_\_

Respondent's witness \_\_\_\_\_

Date \_\_\_\_\_

Interviewer's signature \_\_\_\_\_

Date \_\_\_\_\_

6. How many female members were there when the group began?

- 1) 2-5 members
- 2) 6-10 members
- 3) 11-20 members
- 4) Over 20 members



## Appendix 2: Questionnaire

### Section A: Background information on Respondents

Client code

1. Age:

- 1) 18-25years,
- 2) 26-35years,
- 3) 36-45years,
- 4) Above 46years

2. Gender:

- 1)Male,
- 2)Female

3. Marital status:

- 1) Married,
- 2) Single,
- 3) Divorced,
- 4) Widowed

4. When was the group formed?

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5. What factors motivated the formation of the group?

- 1) Need for economic empowerment
- 2) Need for socialization
- 3) Don't know

6. How many female members were there when the group began?

Women:

- 1).2-5 members
- 2).6-10 members
- 3).10-20 members
- 4) Over 20 members



7. How many male members were there when the group began?

- 1) 1-2 members,
- 2) 3-6 members,
- 3) 7-10 members.
- 4) Over 10 members

8. How many members are there now?

- 1) Women \_\_\_\_\_
- 2) Men \_\_\_\_\_

9. Does Busara Women Support Programme have a constitution?

- 1) Yes
  - 2) No
  - 3) Don't know
- 
- 

10. Are there any members who have dropped out of the group?

- 1) Yes, if yes go to no 11
- 2) No
- 3) Don't know

11. Why do you think these members left the group?

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## SECTION B. Socio-demographic characteristics of the respondents

12. Education level:

- 1) Primary,
- 2) Secondary,
- 3) Post-secondary

13. Occupation:

- 1) Formal employment,
- 2) Self-employment

14. In what ways do you access credit facilities?

- 1) Through microfinance institutions
- 2) Through banks
- 3) Through the women's group
- 4) Through merry-go-rounds

15 Why did you choose to access credit through the way you mentioned in 14 above?

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16 Do you think it is beneficial to access credit facility through the way you chose in 14 above?

- 1) Yes (please explain) \_\_\_\_\_
- 2) No (please explain) \_\_\_\_\_
- 3) Don't know

17 Do you think it is disadvantageous to micro credit finance through the way you chose in 14 above?

- 1) Yes (please explain) \_\_\_\_\_
- 2) No (please explain) \_\_\_\_\_
- 3) Don't know
- 4) \_\_\_\_\_

### SECTION C: Challenges encountered in accessing credit

18. DO you think it is easier for men to access credit?

- 1) Yes.
- 2) No
- 3) Don't know

Please explain your response to the above question.

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19. Do you think it is easier for women to access micro credit finance from MFIs?

- 1) Yes.
- 2) No.
- 3) Don't know

Please expound on your response to the above question

20. Do you always access micro credit finance whenever you need it?

- 1) Every time
- 2) Some times
- 3) Never

26. If your response is either (2) or (3), please elaborate

21. What frequent challenges do you face when trying to access micro credit finance from MFIs?

- 1) Socio-cultural
- 2) Economic
- 3) Institutions requirements
- 4) All of the above

22. Women face more socio- cultural challenges than men while accessing micro credit finance from MFIs?

- 1) I Agree, if so go to 23
- 2) I disagree
- 3) Don't Know

26. Explain the cultural challenges that you face in accessing micro credit finance from MFIs?

---



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23. Explain the economic challenges you face in accessing micro credit finance from MFIs?

---



---

28. Please list down the institutions requirements that you have to meet before you can access micro credit finance from MFIs?

---



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24. Are all the members of the group able to meet the requirements mentioned above?

- 1) Yes
- 2) No
- 3) Sometimes
- 4) Don't know

35. Do you always get the amount that you ask for? *to enhance business.*

1) Yes

2) No, if no go to No. 36

3) Don't know. *that the micro credit finance credit given has helped members improve their*

26. What are the reasons for not getting the amount you ask for?

*a) Yes if possible go to 34*

---

*b) No* 2

---

7. What do you do in situations where you do not get the amount that you requested

*34 Please explain how you think the members have improved their lives due to the credit*

---

*facilities*

---

### **Loan Repayments**

*35. Please explain other activities group members are engaged in, which help better their lives*

28. Do you think that it is difficult to repay the loans taken out by the members of Busara Women Support Programme?

1) Yes, if yes go to no. 29

2) No

3) Sometimes

4) Don't know

29. Please explain what you think makes repayment of these loans difficult.

*37. Please explain some of the coping strategies that you have put in place to address*

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30. What do you think can be done to make credit facilities more available to women?

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### **Impact of availability of credit facilities on the economic power of women**

31. Credit facility is used to enhance business

a) All of the time. If so go to no.32

b) Most of the time. If so go to no.32

c) Sometimes. If so go to no.38

d) Don't know



32. Explain in what ways micro credit finance is used to enhance business.

33. Do you think that the micro credit finance credit given has helped members improve their economic status?

a) Yes, if yes go to no.34

b) No

c) Don't know

34. Please explain how you think the members have improved their lives due to the credit facilities.

35. Please explain other activities group members are engaged in, which help better their lives besides their businesses or occupations.

36. List the benefits that you have gained from being part of Busara Women Support Programme.

### Coping strategies

37. Please explain some of the coping strategies that you have put in place to address

1) Cultural challenges

Economic challenges

Challenges emanating from MFIs requirements

## Appendix 3: Focus Group Discussion for members

### Part 1: Background Information

Group Member Code #	Gender	Age
1		
2		
3		
4		
5		
6		
7		
8		
9		

### Part 2: Perceptions of Group members on services provided by MFIs

1. What are the requirements to be a group member of Busara Women Support Programme? *(Probe for the members to list the requirements).*
2. Are you aware of how record keeping is done in the group? *(Probe for awareness of who keeps the records, what information is recorded, whether members have access to these records, whether members are kept updated on the financial status of the group)*
3. What impact has participation in the group had on your life *(probe for economic changes, social changes?)*
4. What challenges do you as a member experience in getting loans from the MFI? *(Probe for any differences in challenges experienced by men and women)*
5. In your opinion, do you think being a member of a self-help group has made it easier to access credit facilities? *(If yes, probe for reasons)*

#### Appendix 4: Key Informant Interview Guide (Credit officer)

1. What different loan products do you offer to the members of Busara Women Support Programme? What other services do you offer to the group besides the loan products?
2. What efforts do you make to sensitize your clients about the different products and services available?
3. Do you visit your clients at their areas of operation to offer any business advice?
4. How regularly do you visit your clients?
5. What kind of the challenges do members of Busara Women Support Programme face in accessing micro credit finance?
6. What are the challenges faced by members of Busara Women Support Programme in repaying the loans given out to them?
7. How do you help members of Busara Women Support Programme in overcoming the challenges?
8. Are there any members who default in making loan repayments?
9. What are the consequences of defaulting on loan repayments to both the borrower and the guarantors?
10. How would you range your male and female clients in terms of loan repayment?
11. How do you ensure that members overcome the challenges?
12. What is the reason for a member to belong to a particular subgroup?
13. How do you keep records of the loans taken by members?
14. How often do you hold group meetings?
15. How do you deal with members who default in loan repayment?
16. What effect does defaulting on loan repayments have on subgroups and the entire group?
17. Kindly explain to me what recourse you have for guarantors of a borrower who defaults on loan repayments.

## **Appendix 5: Key informant interview guide (Group leader)**

1. Give me a brief history of Busara Women Support Programme
2. Does Busara Women Support Programme Group have a constitution?
3. Is Busara Women Support Programme registered with Registrar of Companies and Societies?
4. What are the requirements for joining Busara Women Support Programme in terms of age, marital status, level of education?
5. How many women do you have in the group?
6. How many men do you have in the group?
7. What criteria have you used to determine the number of men to include in the group?
8. What measures have you taken to ensure that men do not dominate in the group decision making?
9. What type of the challenges do different members face in accessing micro credit finance from the MFIs?
  - 1) Men?
  - 2) Women?
10. How do you and your members overcome the challenges?
11. How many members are there in each subgroup?
12. What is the criterion for a member to belong to a particular subgroup?
13. How do you keep records of the loans taken by members?
14. How often do you hold group meetings?
15. How do you deal with members who default in loan repayment?
16. What effect does defaulting on loan repayments have on subgroups and the entire group?
17. Kindly explain to me what recourse you have for guarantors of a borrower who defaults on loan repayments