

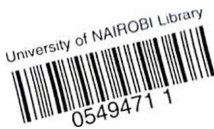
**THE ROLE OF INFORMAL FINANCE IN EMPOWERING WOMEN AT
HOUSEHOLD LEVEL IN SAGANA DIVISION, KIRINYAGA COUNTY**

BY

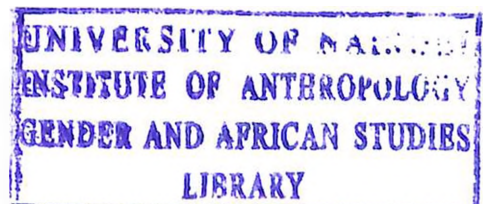
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DECLARATION

This Project is my original work and has not been submitted to any other Institution,
College or University for a degree.

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This Project Paper has been submitted with my approval as the University supervisor.

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Date 22/11/11

Professor Simiyu Wanddiba

DEDICATION

This work is dedicated to the love of my life, my husband, Joseph Kathenge Mwaniki, who as a teacher strongly believes in empowerment of women through education, and my children Zakaria, JohnPaul, Monica and Bruno. Accept my deepest expression of love and appreciation for the encouragement, the psychological and spiritual support that you gave me, and the sacrifices you made to accompany me during late nights and weekends of reading during this entire graduate programme. I thank God for you.

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ABSTRACT

This study examined the role of informal finance in empowering women at household level in Sagana Division, Kirinyaga County. The key objectives were to investigate the extent to which access to informal credit contributes to women empowerment, and to analyse the benefits of informal finance to women at household level.

The study adopted a cross-sectional non-experimental research design. The study population consisted of all members of self-help groups registered with the Ministry of Gender, Children and Social Development in Sagana Location of Kirinyaga County. The sample size comprised 30 respondents and 5 key informants. Both purposive and simple random sampling techniques were employed. Data were collected through semi-structured interviews and key informant interviews.

The results of the study suggest positive impacts of the informal credit on the lives of the majority of women respondents as their living conditions were improved at the household level. Access to informal credit increased income earnings as most of them were able to create self-employment through small businesses and better farming methods that have increased yields. The study therefore, concludes that informal credit is one important means of empowering rural women. It is, therefore, recommended that, policy makers should establish and strengthen links between formal and informal finance as a means of empowering women and reducing household poverty. It is also recommended that government should promote and facilitate education and training of women through adult literacy programmes and skills development in entrepreneurship.

ABBREVIATIONS AND ACRONYMS

ASA	-	Association for Social Advancement
BRAC	-	Bangladesh Rural Advancement Committee
DFA	-	Double Focus Agency
DFID	-	Department for International Development
EU	-	European Union
ILO	-	International Labour Organization
IFAD	-	International Fund for Agricultural Development
KCB	-	Kenya Commercial Bank
KWFT	-	Kenya Women Finance Trust
MFI s	-	Microfinance Institutions
NGO s	-	Non-Governmental Organizations
ROSCA	-	Rotating Savings and Credit Association
SHG s	-	Self-Help Groups
UN	-	United Nations
UNCDF	-	United Nations Capital Development Fund
UNDP	-	United Nations Development Programme
UNFPA	-	United Nations Population Fund
UNIFEM	-	United Nations Fund for Women
USAID	-	United States Agency for International Development
WEDTF	-	Women Entrepreneurship Development Trust Fund
GOK	-	Government of Kenya

CHAPTER ONE

BACKGROUND TO THE STUDY

1.1 Introduction

From the early 1970s, women's movements have increasingly identified women's access to credit as one of the strategies towards enhancing women's economic empowerment and poverty reduction. Due to historical, socio-cultural, economic and political injustices, women are the poorest of the poor in many societies (Mayoux 1999). According to the United Nations Development Programme, a total of 70 per cent of the world's 1.3 billion poor people living on less than one dollar per day are women (UNDP 1995). In addition, the World Bank Gender Statistics Database indicates that women are the majority among the unemployed in developing countries (World Bank 2002).

There is almost a global consensus that microfinance to the poor women is a key element for economic and social development in the 21st century (Microcredit Summit 1997). At the turn of the 20th century, women rights movements increasingly identified women's access to credit as one of the strategies towards enhancing women's economic empowerment and poverty reduction.

In Africa, there has been tremendous increase in the number of financial institutions that target women, for example, Kenya Women Finance Trust (KWFT), Uganda Women Finance and Credit Trust (UWFT), Zimbabwe Women Finance Trust (ZWFT), Country Women Association of Nigeria (COWAN), and Amhara Credit and Savings Institution (ACSI) of Ethiopia.

According to the 2001 Microcredit Summit Campaign report, 14.2 million of the world's poorest women have access to financial services through specialized microfinance institutions (MFIs) like banks, NGOs and non-bank financial institutions (Microcredit Summit 2001).

Despite the increase of these financial institutions, the ability of many women to benefit from these institutions is often limited by the many socio-cultural disadvantages women experience because of their gender (UNIFEM 2002). Women's access to credit is also limited by the conditions and requirements set by the MFIs that including provision of collateral, bureaucratic loan application, disbursement procedures, and the time and resources necessary to visit and follow up the loan with these institutions (ILO 1998).

In Kenya, about 18 million people, or 60% of the population, are poor and mostly out of the scope of formal financial services. Access to finance has remained worse for women who are concentrated in the informal sector. According to the 2009 national financial access survey by the Central Bank of Kenya, 66 per cent of women do not access formal financial services and 33 per cent are excluded from any form of financial services (Central Bank of Kenya 2010).

Due to the constraints facing women in accessing credit from formal financial institutions, women in Kenya have resorted to informal sources of finance to meet their financial needs, both at the household level and as capital for their small scale business enterprises. With informal sources of finance being relatively easy to access, women rely on moneylenders, suppliers and shopkeepers, friends, relatives, or local women self-help groups popularly known as *Chama* to provide the bulk of financial resources for their entrepreneurship in the informal sector. The informal finances offer a number of potential advantages to women

which include easy credit due to proximity between borrower and lender, immediacy of loan disbursement, small loan sizes, flexible repayment schedules and minimal collateral requirements (UNIFEM 2002).

Longwe defines women empowerment as a process by which women collectively come to recognise and address the gender issues which stand in their way of advancement. In a patriarchal society these gender issues are the practices of gender discrimination which are entrenched in customs, laws and ideological belief (Longwe1998). Moser defines women's empowerment as the capacity of women to increase their own self-reliance and internal strength (Moser 1993).

Women empowerment in this study refers to an increase in women's ability to make or influence decisions, increased self-confidence as well as being able to meet their daily needs at household and community levels. In this case, microfinance is necessary to overcome many economic barriers that contribute to women's insubordination, both at the household and community levels. Empowerment, therefore, is taken as a process with personal, economic, social and political dimensions. Personal growth and advancement is the core of the empowerment process where women move from positions of marginalization and exclusion, to positions of greater participation in all aspects of their lives. Women empowerment challenges gender norms and power relations between men and women.

Informal finance has been defined as all transactions, loans and deposits occurring outside the regulation of a central monetary authority (Atieno 2001). The informal financial transactions are done with minimal documentation, are not officially regulated by the state and its institutions and operate outside the incentive system offered by the

Central Bank. Informal financial institutions include, among others, women self-help groups (*Chamas*), family sources, moneylenders and shopkeepers. Saving and loaning is done mainly on trust, with minimal documentation, mostly without any form of security. The amounts loaned or saved are small, frequent and for short durations of time. The default rates are minimal mainly due to group pressure and periodic monitoring meetings.

Despite the enormous contribution of women groups in providing informal financial resources to women, few studies have been done on the role of informal finance in empowering women at household level. It is against this background that this study sought to explore the role of informal finance in empowering women at the household level, with particular reference to women self-help groups in Sagana Location of Kirinyaga County in central Kenya.

1.2 Statement of the Problem

Despite the widespread presence of women *Chamas* providing informal finance to women in Kirinyaga County, their contribution is not taken into consideration by local or national development agencies. Moreover, inadequate documentation limits understanding on how informal finance from women *chamas* contributes towards the empowerment of women and achievement of gender equality at household level in Sagana Location. Ultimately, the structure and flexibility of informal financing and how self-help enterprises maintain themselves with little or no access to credit from formal financial institutions, but kept by women's own contributions, is wanting for answers. There is persistent ignorance and lack of appreciation of the enormous contribution of informal finance through self-help groups to empower women at the household level. There is also a general lack of appreciation by leaders of women initiatives in development at household and community levels.

This study, therefore, sought to find answers to the following questions:

- To what extent has access to informal finance from women *Chamas* enhanced women's empowerment in Kirinyaga County?
- What are the benefits of informal finance to women at the household level in that county?

1.3 Research Objectives

1.3.1 General Objective

To explore the role of informal finance from women *Chamas* in empowering women at the household level in Kirinyaga County.

1.3.2 Specific Objectives

- To investigate the extent to which access to informal credit contributes to women empowerment.
- To analyse the benefits of informal finance to women at household level.

1.4 Justification of the Study

Women in the rural areas have for years operated group lending schemes popularly known as rotating savings and credit associations (ROSCAs) without any collateral or external source of capital from formal financial institutions for onward lending. These informal lending groups have played a significant role in assisting women to meet both their practical and strategic needs as well as contributing to poverty alleviation, particularly at

the household level among low income communities. However, little has been documented on how informal financing through self-help groups has contributed to the empowerment of women and enhancement of gender equality at the household level. The findings of this study should contribute to the academic knowledge on the role of informal finance in empowering women at the household level.

The findings of the research has also provided empirical evidence to interested policy makers, donors and other development agencies and NGOs on the role of informal credit in empowering women at the household level and provided recommendations on ways of improving women's access to informal credit and, in particular, how the women *chamas* can create linkages with local and international financial institutions for improved access to formal credit.

1.5 Assumptions

This study was guided by the following assumptions:

- Access to finance is necessary to raise the socio-economic status of women that improves their self-worth and enhances their participation in decision-making at the household level.
- Gender relations within households are influenced by the economic status of women.

1.6 Definition of Terms

Women empowerment in this study was considered as a process of increasing women's ability to influence or make decisions, increase self-confidence, and being able to cater for both strategic and practical needs at the household level. It also includes increasing the

spiritual, political, social or economic strengths and opportunities for women so that they can assert their rights and effectively participate in matters pertaining to all spheres affecting their lives within both the private and public sphere.

Informal credit refers to credit from non-traditional financial institutions that do not rely on formal contractual obligations enforced through a codified legal system at the local or national level. In this study informal credit only referred to credit from self-help women groups.

Women self-help groups (*chamas*) are organized groups of women with a common background or with shared interest within society. In this study, self-help groups refers to organized group of women registered with the Ministry of Gender, Children and Social Development for the purpose of enhancing socio-economic development amongst its members and the community at large.

Gender equality refers to the equal valuing of the roles of women and men at all levels. It works to overcome the barriers of stereotypes and prejudices so that both women and men are able to equally contribute and benefit from economic, social, cultural and political developments within society.

Household refers to a domestic unit consisting of the members of a family who live together along with non-relatives such as workers. Household is taken to be the basic social unit where family decisions of production, distribution and consumption are made. Culturally these decisions are made by men who are deemed as heads of households.

1.7 Scope of the Study

The study focused on women self-help groups (*chamas*) and how the informal finances from these groups contribute to women's empowerment at household level in Sagana Location of Kirinyaga County. The unit of analysis was the individual who had received credit from the group within a period of one year at the time of the study.

1.8 Limitations of the Study

Data was collected from a small sample focusing on a small region, namely, Sagana division of Kirinyaga County. A major limitation of the study is that women's empowerment is multi-dimensional and a single indicator like access to credit alone is not sufficient to measure all the dimensions of women empowerment. Empowerment is also context-specific, and therefore, data in this study may be influenced by local environmental, social, economic and political factors that may be different from other regions in Kenya. Thus, the findings of this research may not be generalised to other areas.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focuses on the literature relevant to the research problem. The literature is reviewed using the following subheadings:

- Women's access to credit
- Conceptualisation of women empowerment
- Women's empowerment through access to credit
- The role of informal finance in empowering women
- Access and control of household resources
- Women involvement in household decision-making
- Increased women's self-confidence and participation
- Benefits of informal lending to women

The chapter concludes by discussing the theoretical framework which guided the study.

2.2 Literature Review

2.2.1 Women's access to credit

Since 1997, the Microcredit Summit Campaign has focused on the theme: "not only reaching but also empowering women" for group caucus, signifying the importance of credit to women. Mayoux argues that Microfinance programmes not only give women access to savings and credit, but also bring them together regularly in organised groups.

Through their contribution to women's ability to earn an income, micro-finance programmes can potentially initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and political empowerment of women. Micro-finance services and groups also have potential to question and significantly change men's attitudes and behaviours as an essential component of achieving women's empowerment (Mayoux 2006a).

Great debate tends to persist as to whether provisions of credit for the poor women could change their social status at household and community levels. Some scholars tend to argue that credit can be used as a mechanism for enhancing women's socio-economic status at the household level, while others tend to say that while a marginal increase in income and assets can enhance well-being and economic security, the increase could be too little to affect the pervasively entrenched women's poverty and marginalisation. However, evidence indicates that empowerment is not an automatic consequence of microfinance per se, but depends on the degree to which women's needs and interests are articulated in design and implementation of development programmes (Haimanot 2007).

Following the footsteps of the Grameen Bank's credit strategy, a number of NGOs in Bangladesh (e.g., BRAC and ASA) have been targeting rural women hitherto subjected to socio-economic subjugation of different types. The unique aspect of such a strategy is not its financial intermediation of credit for the poor but also its social intermediation. Needless to mention here, perhaps, is the fact that the viability of the former intermediation is ensured by the latter intermediation.

Ruhul *et al.* (1998) attempted to explore the relationship between poor women's participation in microcredit programmes and their empowerment by using empirical data from rural Bangladesh. This was done by examining quantitative data collected from a representative sample of female loanees as well as qualitative data from selected female loanees in five NGOs from rural Bangladesh. The researchers compared NGO credit members from an NGO programme area with non-members from a non-programme area with respect to women's empowerment to determine whether or not variation in empowerment could be explained by the variation in memberships.

Similarly, non-members of NGO programme areas were compared with non-members from non-programme areas in order to look at the diffusion effect of NGO credit membership on women's empowerment among non-members (Ruhul *et al.* 1998). In this study, it was hypothesized that participation in credit and credit-related activities leads to greater empowerment of the members compared to non-credit members and the duration of credit membership is positively associated with women's empowerment. It was noted that empowerment by the credit programmes varies across regions depending on particular region's historical, socio-cultural norms and practices.

The problem of women's access to credit was given particular emphasis at the First International Women's Conference in Mexico in 1975, leading to the setting up of the Women's World Banking network. In the wake of the Second International Women's Conference in Nairobi in 1985, there was mushrooming of government and NGO-sponsored income-generation programmes for women, including savings and credit. A number of international workshops were organised at the end of the 1980s to try and bring together the experience of government and NGO programmes. Within the context of the

rapid expansion in the 1990s, evidence of women's higher repayment rates and higher levels of expenditure on family well-being were used by gender lobbies within donor agencies and programmes to argue for targeting women in micro-finance programmes (Mayoux 2006b).

2.2.2 Conceptualisation of women empowerment

The concept of empowerment dates back to the 1960s, particularly in the Afro-American movement and in Paulo Freire's theory based on the development of a critical conscience. Since 1985, popular women's movements in Latin America and the Caribbean as well as feminist movements in other parts of the world have seen the notion of empowerment as being tied, on the one hand, to the seizing of power, by emphasizing mainly the improvement of self-esteem and self-confidence as well as the ability to choose and shape one's life and, on the other hand, to the collective power to change gender relations in the economic, political, legal and socio-cultural spheres (UN Commission on Women and Development 2007).

The empowerment of women has, therefore, been widely acknowledged as an important goal in international development, but the meanings and terminologies associated with this concept vary, and methods for systematically measuring and tracking changes in levels of empowerment are not well established. A diverse body of literature has emerged regarding the conceptualization and measurement of women's empowerment and its relationships with other variables of interest in international development. At the World Summit in 2005, Governments of Africa and other regions and the international development organizations, reaffirmed their commitment to women's empowerment and gender equality as essential to achieving development, peace and security (UNFPA 2005).

The concept of empowerment was also adopted after the Beijing Conference (1995) that presents women's empowerment as a key strategy for development. Women should be involved in all development structures and take an active role in shaping the development agenda. While it is important to look at the quantitative aspects of women representation, for example, the number of women holding management positions in a firm or a political mandate, it is also important to consider changes in economic and social structures that refer to collective empowerment linked to social change (Kabeer 1992). Therefore the notion of empowerment goes beyond focusing on women to questioning the roles of men and women, boys and girls in development and getting people to think about the power relations in social, economic and political structures.

Any attempt to understand the meaning of the word empowerment requires us to consider the notion of power. Therefore, empowerment can be considered as the process to acquire "power" individually and collectively, among individuals or a community, it designates first and foremost the ability to act independently, but also the means needed and the process of being able to act and make one's own decisions regarding their life (Action Aid 1997).

According to EU Commission on Women and Development (2007), empowerment is seen as a process, a dynamic two-pronged construction of identity, both individual and collective. This approach to power has been picked up by several feminist bodies and development NGOs, which agree that the empowerment process should be broken down into four levels of power:

- **Power over**, involves a mutually exclusive relationship of domination or subordination.

- **Power to**, includes the ability of a person to make independent and find solutions to own problems.
- **Power with**, is collective social or political power which highlights the notion of common purpose and the ability to get together to negotiate and defend a common goal.
- **Power within**, is internal power which includes self-awareness, self-esteem, and assertiveness (EU Commission on Women and Development (2007)).

Mayoux (1997) suggests that empowerment is a process of internal change, or power within, augmentation of capabilities, or power to, and collective mobilization of women and men, or power with, to the purpose of questioning and changing the subordination connected with gender, or power over. Empowerment therefore ranges from personal to community empowerment, right to make one's own choices, increased autonomy and access and control of economic resources including credit. Self-confidence and self-esteem also play an essential role in women's empowerment (Kabeer 2001).

Empowerment occurs along multiple dimensions, including economic, socio-cultural, interpersonal, political and psychological, and therefore, can be seen as a process whereby women increase their ability to organize themselves and increase their self-reliance as well as to assert their independent right to make choices and to control resources which will assist in challenging and eliminating their own subordination. The ultimate goal of empowerment is for women to address and redress issues relating to their continued discrimination, exploitation, marginalization and oppression, and subordination in the domains of the household, community, nation, and the world.

The World Bank defines empowerment as “the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes”. Central to this process are actions which build both individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets. Thus, as the World Bank report confirms, societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance and a lower living standard of their people (World Bank 2001).

Kabeer (1999) asserts that women’s empowerment is about the process by which those who have been denied the ability to make strategic life choices acquire such ability. According to her, it is important to understand empowerment as a process and not an instrumentalist form of advocacy, which requires measurement and quantification of empowerment. She stresses that the ability to exercise choice incorporates three interrelated dimensions: Access to resources, including credit; agency including processes of decision-making, as well as less measurable manifestations of agency such as negotiation, deception and manipulation; and finally, achievements, which include well-being and enjoyment of the outcomes (Kabeer 1999).

Mayoux has stated that women self-help groups can promote women’s empowerment, through access to savings and credit that gives them a larger economic role in decision-making about their finances at household levels. Control over credit and savings decisions allows them to optimize their own and household’s welfare. The investment in women’s economic activities can help improve employment opportunities for women. Women’s access to and control over savings and credit strengthen their voices in economic decisions

of the household, enabling them to increase expenditure on their own well-being and on those of their children. This results from the combination of women's increased economic activity and control over income, improved women's skills and mobility, access to knowledge and support networks. Status within the community is also enhanced. These changes are reinforced by group formation, leading to wider improvements for social and political change (Mayoux 1997).

2.2.3 Women's empowerment through access to credit

According to Mayoux (1999), credit programmes not only give women access to savings and credit, but also reach millions of people worldwide bringing them together regularly in organized groups. Through their contribution to women's ability to earn an income, micro-credit programmes can potentially initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and political empowerment (Mayoux 1999).

Women have been shown to spend more of their income on their households; therefore, when women are helped to increase their incomes, the welfare of the whole family is improved. In its report, on its survey findings, the Special Unit on Microfinance of the United Nations Capital Development Fund (UNCDF) asserts that "Women's success benefits more than one person. Several institutions confirmed the well-documented fact that women are more likely than men to spend their profits on household and family needs. Assisting women therefore generates a multiplier effect that enlarges the impact of the institutions' activities" (UNCDF 2004).

According to Kabeer, increasing women's access to micro-finance services can lead to women's economic empowerment by enabling them to make decisions about savings and credit use, invest in their own economic activities and assets, and play a more controlling role in household activities. This may increase productivity and the income under women's control and increase women's engagement in the market (Kabeer 2002).

Research findings on gender and rural finance by IFAD (1999) indicate that providing women's access to informal credit can increase household wellbeing. Channelling economic resources like credit or savings to households through women can enable them to play a more active role in intra-household decision-making, address the risks facing the household, and increase investment in family welfare. This may not only benefit children through increasing expenditure in areas like nutrition and education, but can also lead to improved well-being for women and enable them to bring about changes in gender inequalities in the household. A combination of women's increased economic activity and increased decision-making in the household can lead to wider social and political empowerment. The positive effects on women's confidence and skills, expanded knowledge and support networks through group activity and market access, can lead to enhanced status for all women within the community (IFAD 1999).

Mayoux argues that micro-finance can have positive contributions to women's empowerment at the household level; increasing women's access to micro-finance can also increase household wellbeing. A combination of women's increased economic activity and increased decision-making in the household can lead to wider social and political empowerment. The positive effects on women's confidence and skills, expanded knowledge and support networks through group activity and market access can lead to

enhanced status for women in the community. Individual women who gain respect in their households may then act as role models for others, leading to a wider process of change in community perceptions that may lead to increased women participation at the community level (Mayoux 2006).

Women's economic empowerment at the individual level has potentially significant contributions at the community level. The greater ability to meet household wellbeing needs, in turn, increases their effectiveness as agents of poverty reduction. Women self-help groups may form the basis for collective action to address gender inequalities at the household and within the community, including issues like violence against women as well as access to resources and local decision-making. Microfinance can be an entry point for wider social and political mobilisation of women around political, social and economic participation (Mayoux 2006).

Cheston and Kuhn (2002) observe that a majority of scholars consider women's ability to influence or make decisions that affect their lives as one of the main components of empowerment. According to the two scholars, it is assumed that access to credit and participation in income generating activities strengthens women's bargaining positions within the household, thereby making it possible for them to influence greater numbers of strategic decisions. Studies in Asia have shown that community group lending has an influence on contraceptive use. According to Schuler and Hasheni (1994), women in micro-credit programmes are more likely than non-members to use contraception. Economic security contributes to women's feelings of independence and self-esteem, which affects the ways women perceive decision-making on their fertility and the cultural pressures to have children (Schuler and Hasheni 1994).

2.2.4 The role of informal finance in empowering women

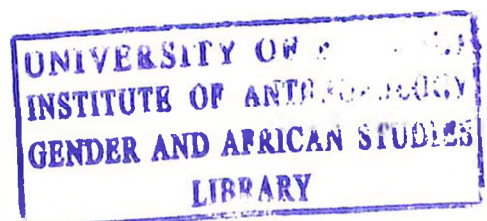
In Kenya, Macoloo found that informal finance was a critical component of household budget strategies even where formal finance programmes had been introduced. There is also substantial evidence of a link between access to informal finance, income generation and house improvement (Macoloo 1990). Increasing women's access to informal lending can lead to their economic empowerment. Women's roles in household financial management may improve and enable women to start their own economic activities, invest more in existing activities, acquire assets or raise their status in household economic activities through their visible capital contribution. Increased participation in economic activities may raise women's incomes and control of household income.

2.2.5 Access and control of household resources

Credit empowers women by putting capital in their hands and allowing them to earn an income and contribute financially in the households and communities. Studies have shown that women tend to spend more of their income on their households; therefore, when women are helped to increase their incomes, the welfare of the whole family is improved. According to Women Entrepreneurship Development Trust Fund (WEDTF) report, 55 per cent of women's increased income is used to purchase household items, 18 per cent goes to school, and 15 per cent is spent on clothing. (WEDTF 2002).

2.2.6 Women involvement in household decision-making

Empirical evidence suggests that the savings and credit facilities provided by self-help groups are useful in improving women's participation in household decision-making, as women are seen as contributors to household expenditures. As Cheston and Kuhn (2002)



observed, a majority of scholars consider women's ability to influence or make decisions which affect their lives as one of the main components of empowerment. Access to informal lending and participation in income generating activities strengthens women's bargaining positions within the household, thereby making it possible for them to influence household strategic decisions. Studies in Asia have shown that women self-help groups have an influence on contraceptive use. For example, Schuler *et al.* (1996) found that women in micro-credit programmes are more likely than non-members to use contraception. Economic security contributes to women's feelings of independence and self-esteem, which affects the ways women perceive decision-making even on their fertility and the cultural pressures to have children (Schuler *et al.* 1996).

2.2.7 Increased women's self-confidence and participation

Access to credit increases women autonomy and self-confidence on issues that affect them and their families, which enhances their position to overcome the social, economic and cultural barriers that hinder gender equality. Increased self-confidence is related here to Kabeer's concept of agency that allows women to define and achieve goals as well as the sense of power women have within themselves (Cheston *et al.* 2000). This is in line with the report of the workshop on social mobilisation credit and women's empowerment which observes that empowerment is not just about access to resources but also creating mental spaces, especially the ability to question and challenge gender norms. Kabeer (1999) observed that women who had received credit had an increased self-worth at the household level. Women's increased contribution to household resources led to a decline in levels of tension and violence at the family level (Kabeer 1992).

2.2.8 Benefits of informal lending to women

In a study carried out in India, Mansuri asserts that increasing women's access to credit leads to their economic empowerment. The report asserts that, as women's role in household financial management improves and are enabled to access more credit in their own right as women. This might enable them to invest more in existing activities and acquire assets, thus raising their status in household economic activities through their visible capital contribution. This, in turn, may enable them to increase longer term investment and productivity of their economic activities. Even where women are not directly engaged in income earning activities, channelling credit or savings options to households through women may enable them to play a more active role in the household decision-making, decrease their own and household vulnerability, and increase investment in family welfare (Mansuri 2010).

A combination of women's increased economic activity and increased decision-making in the household can lead to wider social and political empowerment. Women themselves often value the opportunity to make a greater contribution to household well-being because it gives them greater confidence and sense of self-worth.

The positive effects on women's confidence and skills, their expanded knowledge and the formation of support networks through group activity and market access can lead to enhanced status for all women in the community (Mansuri 2010).

Finally, women's economic empowerment at the individual level can make potentially significant contributions at the macro level through increasing women's visibility as agents of economic growth and their voices as economic actors in policy decisions.

This, together with their greater ability to meet the needs of household wellbeing, in turn increases their effectiveness as agents of poverty reduction. Microfinance groups may take collective action to address gender inequalities within the community, including such issues as gender violence and access to resources and local decision-making.

2.3 Theoretical Framework

The study was guided by Sara Longwe's (1995) Women's Empowerment Framework. Longwe conceptualizes five progressive levels of equality that include welfare, access, control, participation and conscientization, arranged in hierarchical order, with each higher level denoting a higher level of empowerment. These are the bases which can be used to assess the extent of women's empowerment in any area of social or economic life.

Longwe identifies 'access' as one of the five levels of equality which are important in the process of development. The five levels or stages of equality include: welfare, access, conscientization, participation and control, of which empowerment is an essential element at each level. Access involves equality among men and women in access to factors of production like land, labour, credit, training, marketing facilities, and all publicly available services. Longwe sees lack of access to resources, including credit, as a major barrier to women's growth and overall well-being. Longwe is particularly concerned with the gender gaps in access to resources and services as a major obstacle to women empowerment (Longwe's 1995).

Longwe argues that access to credit would increase woman's well-being and advancement as well as redressing many constraints faced by women at household and community levels. The informal finances from women self-help groups have provided women with access to credit which is a conduit to enable women to take a more active role in decision-making processes, particularly on the household allocation of resources. Access to credit bestows some powers on women to make independent decisions on household expenditure and priorities which contribute to the welfare of the family. Women are able to make decisions regarding their lives and the lives of their children and play an active role in the welfare of the family at household level. Access to credit enables women to participate in the wider development agenda of a nation like Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the procedures and modalities that were used in data collection. It describes the research site, research design, study population, sample size, sampling procedure, methods of data collection, and methods used in analyzing the data. The chapter ends with discussion of the ethical issues that were taken into account when conducting the study.

3.2 Research Site

This research was carried out in Sagana Division, Kirinyaga County in Central Kenya. According to the 2009 Kenya population census the county has a population of 528,054 people of whom 260,630 were males and 267,424 were females (GOK 2009). The county covers an area of 1,478 km² with Mt. Kenya forest which is located to the northern side of the county occupying 21 per cent of the total area of the County (GOK 2005). Kirinyaga County is composed of four constituencies, namely, Mwea, Gichugu, Ndia, and Kirinyaga Central. Sagana Division is one of the four divisions in Ndia Constituency (Map 3.1).

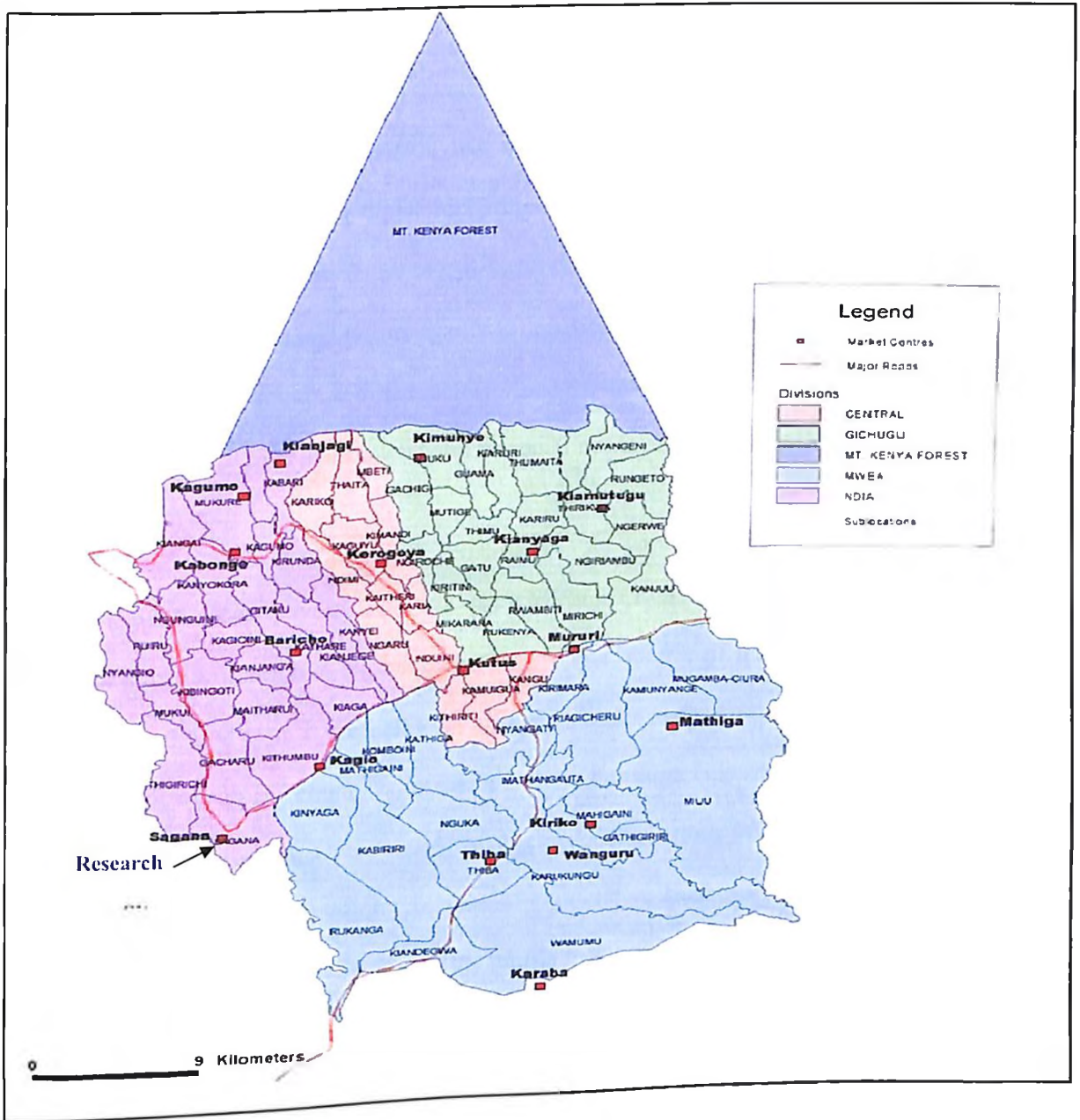


Figure 3.1: Map of Kirinyaga County showing administrative areas

Source: District's Office, Kerugoya, 2011

3.2.1 Economic activities

The economic mainstay in Sagana division is small-scale agriculture. Unlike other parts of Kirinyaga County, Sagana Division has no cash crops and is relatively dry. Women comprise the poorest in the division. Kirinyaga County as a whole is composed of a patriarchal society governed by systematic social, cultural, political and economic discriminatory practises and norms against women. This has exacerbated women's poverty in the County. In response women have formed various self-help groups as an economic survival strategy to meet their social and financial needs particularly at the household level (Mukui 2005)

Analysis of hard-core poverty indicates that Kirinyaga County has 20.64% of its population described as absolute poor implying that nearly one quarter of the people in the county cannot afford food even if they allocate all their income to food expenditure. The greatest cause of poverty in the county is low productivity due high cost of farm inputs and poor prices for farm produce. Other causes of poverty include poor infrastructure, inadequate land due to over- fragmentation, collapse of cooperative societies, consumption of illicit brews, and the HIV/AIDS pandemic. This translates into declining family incomes and lack of employment opportunities in the county. Major development challenges and constraints facing the county include increased threat of food insecurity, increasing levels of poverty, and declining levels of agricultural production due to high costs of farm inputs and modest use of modern agricultural technologies (GOK 2005).

3.2.2 Education

The education level in Kirinyaga County is low. With high levels of poverty it is the girls who drop out of school when the funds are not enough, or seek employment as house-helpers to supplement the family income for survival. Boys, on the other hand, drop out of school to do petty businesses. Generally, the education level in Sagana division is low (GOK 2005).

3.2.3 Health status

The HIV/AIDS pandemic has caused an increase in women-headed households and children-headed families that have exacerbated poverty among the women. HIV/AIDS in Kirinyaga has far reaching effects in the whole district. The prevalence rate is estimated at 7%, and Sagana division is one of the centres with a high prevalence of HIV/AIDS. The 15-45 age group has been greatly infected by the scourge because it constitutes the sexually active, with women being the majority. This has resulted in high increase in the number of HIV/AIDS orphans in the district and loss of family incomes. The main causes of the spread of HIV/AIDS in the district include unsafe sexual behaviour, exacerbated by drug abuse and use of illicit brews (GOK 2005).

3.3 Research design

This study adopted a descriptive research design. The study was qualitative research in nature, and aimed at understanding how informal finances through self-help groups (*women chamas*) contribute to women empowerment at the household level. The data were collected using semi-structured questionnaire and key informants interviews.

3.4 Study population

The study population consisted of all members of self-help groups registered with the Ministry of Gender, Children and Social Development in Sagana Location of Kirinyaga County. The unit of analysis was the individual member of the self-help group.

3.5 Sample size

The sample size included 2 officials and 1 member from each of the sampled 10 women self-help groups giving a sample size of 30 respondents. In addition, 5 key informants from key government and non-profit agencies in the division were interviewed. The sample size therefore comprised 30 respondents and 5 key informants.

3.6 Sampling procedure

There are 62 women self-help groups (*chamas*). The study used convenient and simple random sampling techniques. Convenient sampling was also used to ensure that both the group members and the leaders were included in the sample. Preliminary research had established that there are five sub-locations in Sagana Division, namely, Sagana Town, Gacharu, Nyangio, Mukui and Thigirichi. Simple random sampling was used to select two groups from each sub-location, giving a total of 10 groups. From each sampled group, the secretary and 1 non-official member were selected for the study. Convenient sampling was used to select the officials while simple random sampling was used for the non-official members. Convenient sampling was also used to select 5 key informants comprising the Social Service officer in Sagana division, The local chief, a Catholic Women Association (CWA) leader, a Maendeleo ya Wanawake Organization (MYWO) leader, and a Kenya Women Finance Trust (KWFT) Officer in Sagana office.

3.7 Methods of data collection

3.7.1 Semi-structured interviews

A semi-structured questionnaire with closed and open ended questions (Appendix 2) was administered to 30 respondents to collect a mix of quantitative and qualitative data. The questionnaires sought to collect information from the respondents, on the impact of credit received from their groups on women empowerment in terms of, women's ability to influence or make decisions at household level, impact on household standards of living, impact on family relations and domestic violence, and other benefits accrued from received.

3.7.2 Key informant interviews

Open-ended questions were used to collect qualitative data from key informants using a key informant interview guide (Appendix 3). The key informants interviews sought to provide more information to complement the data collected from the respondents.

3.7.3 Secondary sources

Secondary sources were used in the initial stages to identify the research problem. They continue to be used throughout the study.

3.8 Data processing and analysis

Quantitative data were analysed using the Statistical Package for Social Sciences (SPSS) computer programme to generate descriptive statistics. The findings are presented in tables

of frequencies and percentages, graphs and pie charts. On the other hand, qualitative data were analysed using Microsoft Excel 2010 and the findings presented in verbatim quotes.

3.9 Ethical Considerations

Participation in the study was free and voluntary. The researcher was open and explained the purpose of the study to the study subjects and assured them of confidentiality and anonymity. Participants were not required to indicate their names on the questionnaire.

All the literature used for the study is cited according to the APA guidelines which were chosen for the study. The proposal was approved by the respective University of Nairobi academic authorities and a research permit obtained from the Government of Kenya.

CHAPTER FOUR

THE ROLE OF INFORMAL FINANCE IN EMPOWERING WOMEN

AT THE HOUSEHOLD LEVEL

4.1 Introduction

This chapter presents the study findings on the role of informal finance in empowering women at household level. The chapter starts by looking at the demographic characteristics of the respondents and then moves on to detailed presentation of the findings.

4.2 Demographic characteristics of the respondents

Marital status was considered to be a very important variable in the study. This is because the marital status of women is fundamentally important in the nature of empowerment at the household level. The study established that a majority 85% of the respondents were married while 11% were single and 4% widowed (Figure 4.1).

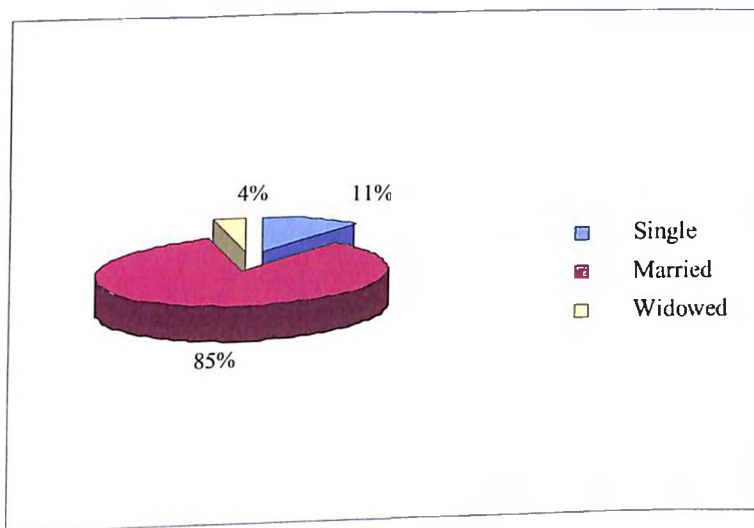


Figure 4.1: Marital status of the respondents

4.3 Factors governing women's access to credit

4.3.1 Factors associated with failure to access credit

The study indicates that showed 78.6% of the respondents felt that financial inadequacy contributes to the stress experienced by women at the household level. On the other hand, 64.3% of the respondents felt that credit empowers women while 60.7% strongly agreed that access to credit improves the household standard of living. Slightly less than a third (32.1 %) of the respondents disagreed that their spouses abused them due to inability to provide for their families (Figure 4.2). A key informant, the local chief, asserted that credit empowers women.

I encourage all women in my area to join women groups because I have seen a big difference between those families where women are members of a group and those who do not belong to any group. Women use the loan from these groups to equip houses, pay school fees and lessen monetary pressure at households. They no longer depend on their husbands to provide everything at the household level (Local chief).

One of the respondent stated that access to credit has reduced her stress.

Since I joined the group, I have no financial stress because I can a loan from the group at any time without any delay. The loan from the group helped me to provide food, clothing and school fees for my children. I have also improved my homestead. This has reduced my stress. (Respondent 6)

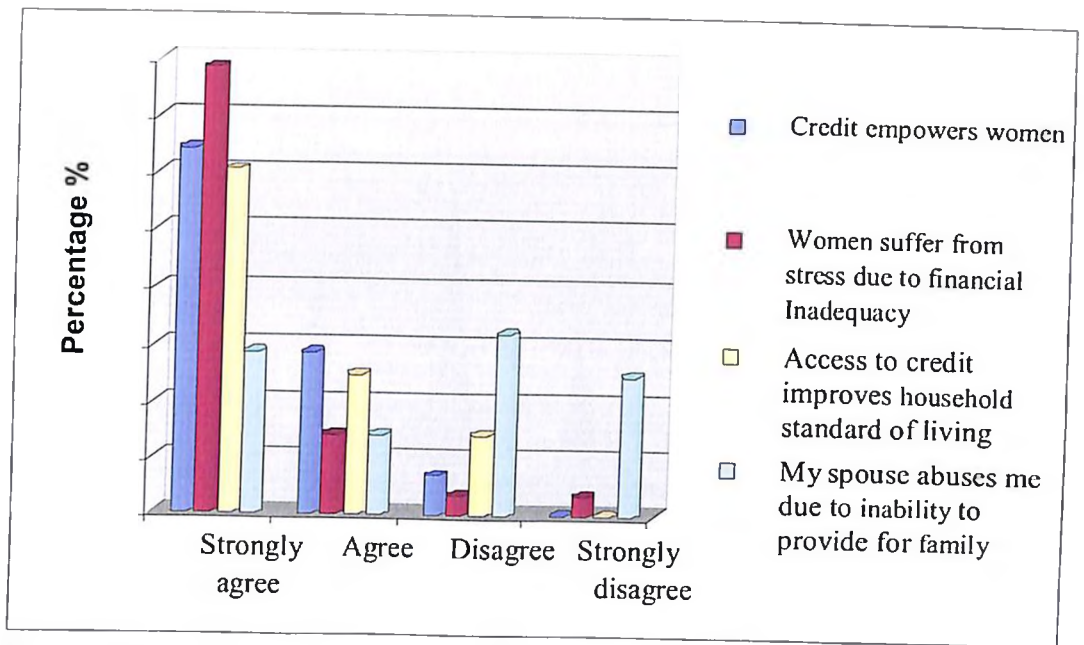


Figure 4.2: factors associated with failure to access credit

4.3.2 Amount of credit taken by respondents

The study found that 42% of the respondents had taken a loan of KES 5,001-10,000. About a third (32.1%) of the respondents had taken a loan of KES 1,000-5000, while 21.4% had borrowed KES.15,001-20,000 from their groups. However, only 3.6% had borrowed KES 35, 001- 40,000 from the group (Figure 4.3). The study indicates that the amounts of loans borrowed by the respondents are small KES 10,000 and below (74%) as indicated in Figure 4.3. According to one of the key informant, women take small loans that they can afford to service.

Women take small loans that they are able to pay and then take another loan. The defaulters have a problem in accessing future loans from the group and therefore many women do not default. There is also a lot of pressure from the groups against taking big loans that one cannot be able to pay (Maendelco ya Wanawake leader).

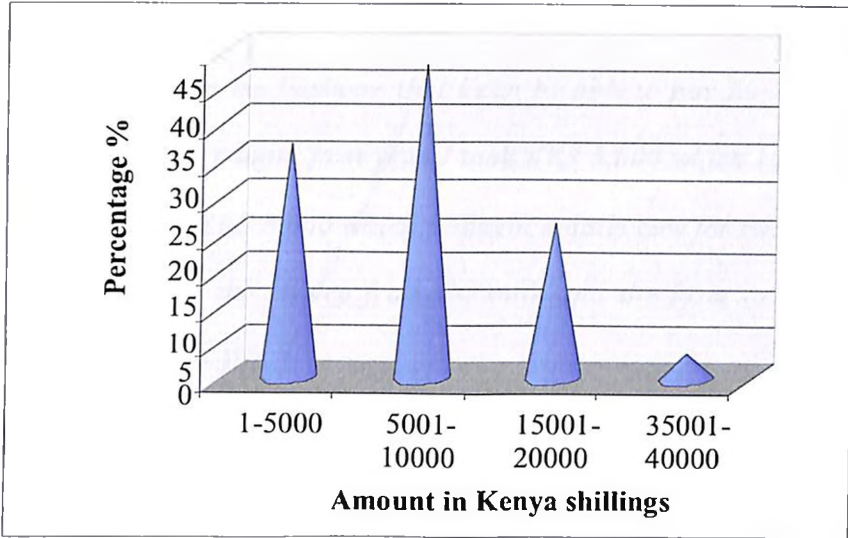
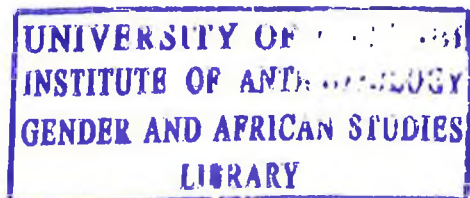


Figure 4.3: the range of loan taken by the respondents

4.3.3 Loan repayment period

The study indicates that 42.9% were comfortably repaying the loan in 10-12 months. Respondents in this category stated that the period of one year is sufficient to be serviced by the businesses as it is sufficient for the business to generate some profit. Others felt that this is enough time to pay for the loan and take another one. The respondents also indicated that the repayment period of 10-12 months is dictated by the group rules as members should repay the loans within a period of one year. Payment period also depends on the returns of money invested or the input of finances from other groups and other sources. While 21.4% and 25% were comfortable with repaying the loan at intervals of 1-3 and 4-6 months, respectively,



only 7% of the respondents indicated that they paid the loans within a period of more than one year (Figure 4.4). One respondent stated:

I take a loan for my business that I can be able to pay for one year so that I can take another loan. Last year I took KES 5,000 which I paid. Currently, I have a loan of KES 8,000 which I bought a daily cow for milk and manure for my farm. I use the money from the milk and the farm to pay for the loan
(Respondent No.10)

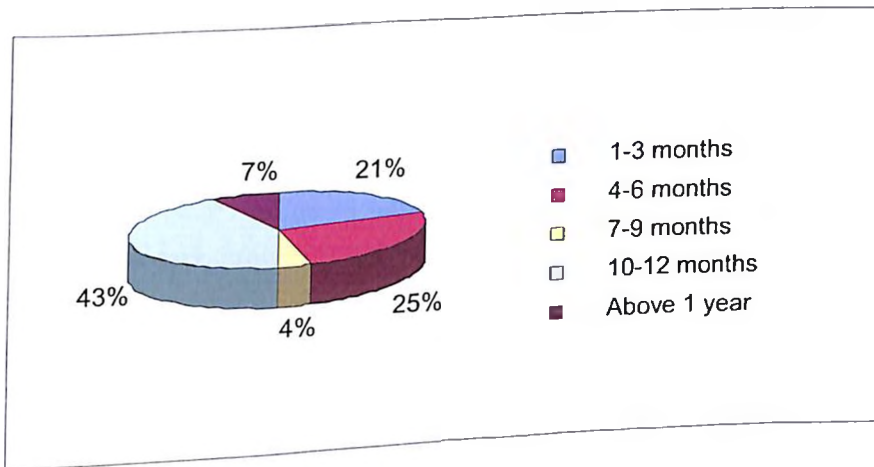


Figure 4.4: Loan repayment period

4.3.4 Access to bank loans

On access to formal bank loans, 50% of the respondents indicated that they refrained from accessing bank loans because of the high interest rates charged by the banks and lack of collateral. A significant number (35.7%) reported tough payment conditions were a major hindrance to accessing the bank loans. On the other hand, 7.1% pointed out that they only had little cash in their bank accounts and it takes a long time before one can access a loan from the bank (Table 4.1). The respondents stated that they did not get a bank loan due to

high interest rates, lack of collateral and complex procedure, as indicated by the following respondents.

I did not take a loan from the bank because, bank loans have very rigid rules, but as for us we make rules according to the group agreements. For example, if the group loan was for farming and the weather becomes unfavourable, the group may agree to extend the payment period in favour of the borrowers. Also the repayment terms and interest from the bank loans are clear only to the banks.

(Respondent No.1).

I could not take a bank loan because of high interest rates and also I am not employed and bank loans require many things like security for the loan. The banks also take long to process the loans and they take long to process the loan

(Respondent No.12).

A key informant explained that women fear to take the bank loans due to high interest charged and complex procedures in acquiring a bank loan.

Women feel that the groups fix the interest rate of their loans which is ploughed back to the group for onward lending. The banks fix high rates that accumulate if you default, and women fear to take the risk. Terms of payment in case there is a problem can be negotiated in the groups but not in the bank. The elaborate paper work in applying for the bank loan is inhibiting to women as most of the rural women have low literacy levels. Therefore they prefer the loans from the groups

(KWFT leader)

Table 4.1: access to bank loans

Why did you not take a bank loan?	Frequency	Percentage %
High interest rates	14	50.0
Tough repayment terms and conditions	10	35.7
Takes long to access the money	2	7.1
Don't have enough money in the account	2	7.1
Total	28	100.0

4.3.5 Use of the loan acquired from the groups

On the use of the loans acquired from the groups, 32.1% of the respondents indicated that they used the credit to improve their farming methods, thus providing food security at household level. On the other hand, 24.4.0% and 24.6% used the loan to pay school and college fees and as capitals for their small businesses, respectively, while 14.3% said that they used the credit to buy assets. Finally 3.6% of the respondents indicated they used the credit for hospital bills (Figure 4.5).

Access to credit has provided women with opportunities to improve household standards of living and reduce poverty.

Women invest their loans on the family welfare. They are the ones equipping the homes with sofa sets, improving family nutrition through kitchen gardens and paying for school fees with income from their small businesses (Social worker).

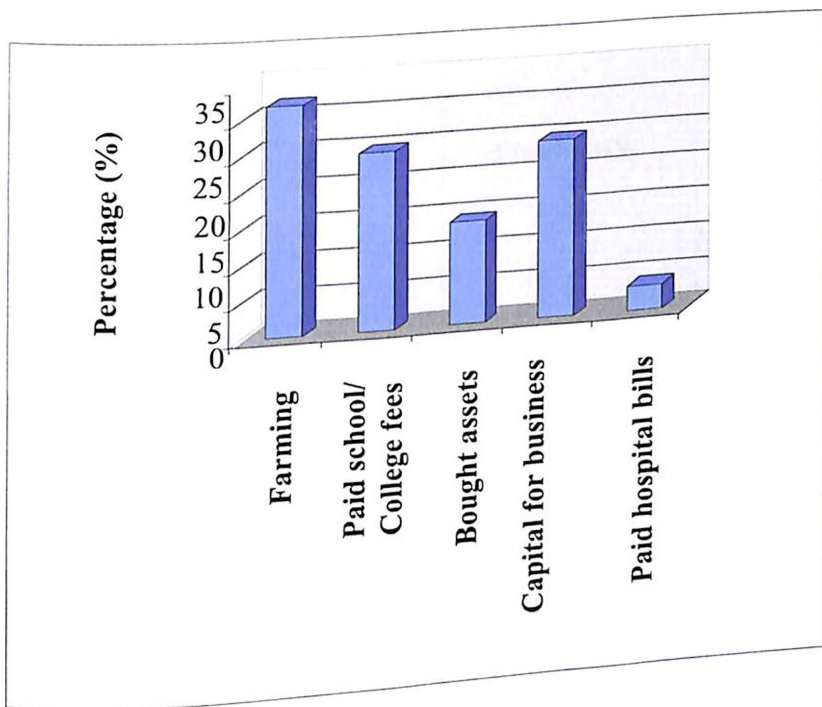


Figure 4.5: use of the loan

4.3.6 Benefits accrued from the loan

Twenty-eight per cent of the respondents indicated that benefits accrued from the credit received included helping to pay school fees and educate their children, while 21.4% stated that they used it for farming. Those who used it to improve their standard of living at the household level accounted for 17.9%. Finally, 10.7% and 7.1% of the respondents

indicated that they benefited from the credit acquired in terms of starting or expanding business and flexible payment terms, respectively. It was also evident from the findings that a small proportion of respondents 3.6% said they benefited from the low interest charged by the group (Table 4.2). Asked whether they would be willing to take loans from the groups in future, all the respondents answered in the affirmative.

Table 4.2: Benefits from the loans

Benefits	Frequency	Percentage %
Expanded business	3	10.7
Improved standard of living	5	17.9
Able to acquire more assets	2	7.1
Benefited from low interests	1	3.6
Improved on farming	6	21.4
Flexible payment terms	3	10.7
Able to pay school fees	8	28.6
Total	28	100.0

4.3.7 Reasons for taking credit

Asked as to why they would take the credit from the group again, 32.1% reported that they would do so because the loan from the groups is easy to access and does not require complicated documentation or collateral. About a quarter, 24.1% pointed out that the loan helped them in improving their household standards of living. On the other hand, 14.3% of the respondents said it helped them pay school fees while those who felt that the loan helped in farming, expanding business, and acquiring more assets accounted for about 10.7% (Figure 4.6).

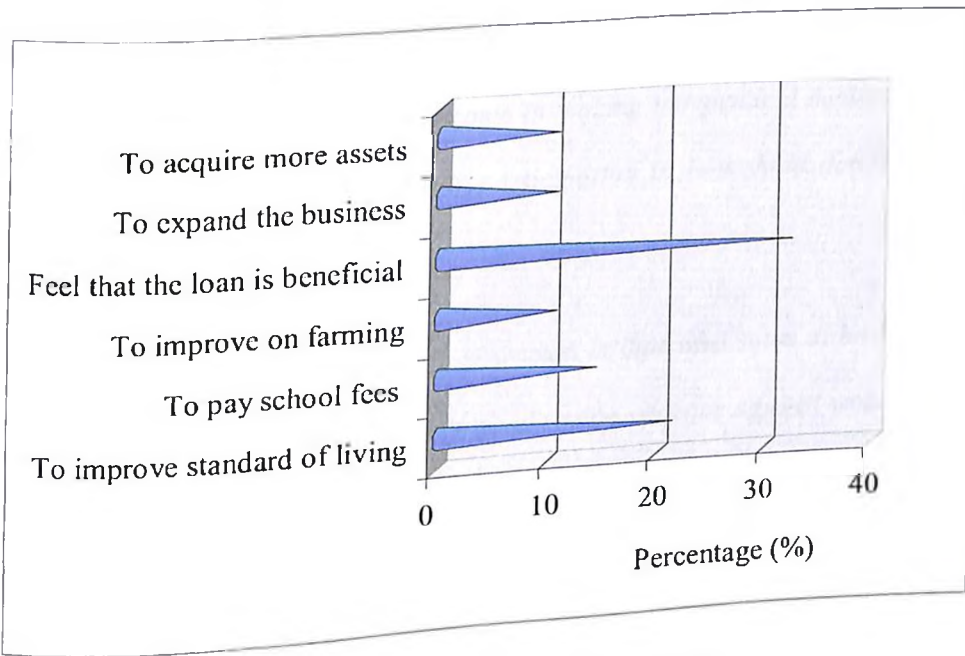


Figure 4.6: Reasons for taking a loan from the group

4.4 Access to informal credit and the empowerment of women.

All the key informants interviewed seemed to concur with the respondents that the loans from the groups had contributed greatly to women's empowerment at both the household and community levels. They have been able to break away from some of the traditions,

practices and prejudices that disadvantage women as observed by key informants in the following:

Informal credit from the women chamas has resulted in quite a number of benefits to women, including mobilizing small savings by women that is then lent out, accessing credit to poor women that would not have been possible due women's lack of collateral and general improvement of self-esteem of women as they have something to contribute in their household (Social worker).

Access to credit promotes women self-image and builds self-confidence, which enables women to effectively participate in their household development. The loan from the groups helped women in making independent decisions on the use of the loan, thus increasing their participation in household decision making (KWFT leader)

Traditionally, a good kikuyu woman is that who stays at home and waits for the husbands to provide, this is good recipe violence against women. Access to credit has enabled women to challenge this tradition, through ownership of small scale businesses. If the women are not at home doing agricultural activities, then they are in the market centre managing their small business to supplement household income (MWO leader)

I observed that in women-run agricultural operations, women are doing work and also making choices about crops to be sown, procurement of inputs and selling of produce. Besides, where women are heads of households owing to death, migration or abandonment, they make independent decisions on

agricultural land management as well as acquiring agricultural technologies and others like the mobile phones and information (Local chief).

4.5 Challenges of access to credit and limitations to empowerment

The Key respondent expounded some potentially negative impact of loans from the groups to the women that included neglect of domestic chores, added workload for women and in some cases increased violence against women, as some of the key informants stated:

When women get credit from these groups, some no longer respect their husbands, and when they get visitors at home they often brag of the things they have bought in the homestead making the husband feel inferior. Some men result to excessive drinking and neglect their responsibilities, while others resort to violence as they no longer feel in control as the heads of households and the only way they can assert their position at home is being violent (Local Chief).

Getting a loan from the group means that a woman must attend all the meetings, in some cases women spend too much time in the meetings and neglect their household work. Women time is not elastic, but many do not know how to balance household work, group meetings and time spent on their businesses. The time pressure and increased workload has impacted negatively on the health of many women due to chronic fatigue. (Social worker).

Some women do not inform their husbands that they have taken a loan from the group but they only discover when their wives are unable to pay the loan. This creates division and mistrust at home that increased domestic violence (CWA leader).

CHAPTER FIVE

DISCUSSION AND CONCLUSIONS

5.1 Introduction

This chapter presents the discussions on the study findings on the role of informal finance in empowering women at the household level and draws some important conclusions of the study. The results are divided into three sections. The first section deals with the linkage between access to informal finance and empowerment of women. The second section discusses the role of informal finance in empowering women while the third section presents the conclusion and recommendations derived from the study.

5.2 Discussion

5.2.1 Access to informal finance and empowerment of women

The study revealed that there is a definite connection between access to informal finance and women's empowerment. The findings suggested that the credit from the groups helps them to improve their standards of living, and support important causes such as education of children, provision of health services and improved nutrition and hygiene, and provision of household goods. All this contribute to the empowerment of women in the study area. Equipping the household and general improvement of homesteads, e.g., fencing, kitchen gardens and grooming of the children and husband, raise the self-esteem of women recipients of loans.

The study showed that women's lack of access to credit contributes towards negative self image and increases stress on women which is a major hindrance to women empowerment. Informal credit from self-help groups has changed this: the women spoke of "feeling of financial freedom", increases in levels of confidence and self-esteem, change in perceptions about their role at household levels, a feeling of strength and a movement away from traditional confinement of women at the household level. Therefore, credit enabled women to experience "power within".

Women have gained a measure of freedom from irrelevant customs, practices and prejudices. Empowerment cannot be imposed on anyone, and therefore, women must empower themselves. Accessing credit facilitated the empowerment process of women from a state of powerlessness to one of power. It promotes women's inherent strength and positive self-image, which enables them to advance. The study showed that 78% of the respondents indicated that financial inadequacy contributes to stress experienced by women; therefore, access to credit empowers women and reduces stress level thus building self-confidence and creating self-positive image.

Moreover, access to loans from the groups creates domestic social cohesion between the husband and wife and also creates understanding among family members as women reduce their dependency on their husbands and male family members. The study also noted that women *chamas* provide spiritual and religious growth through group prayers. Policy benefits of women *chamas* include access to development trainings and talks from social services like in agriculture.

5.2.2 Role of informal finance in empowering women

The informal financing derives a wide range of benefits to women including education and training through the self- help groups that women are affiliated to as well as access to easy and affordable credit as collaterals are based on personal trust, familiarity, family ties, and group connections. The informal financing is not built with sophisticated documentation, it can just be given with a simple agreement in writing and, sometimes, credit can be accessed through verbal commitments.

According to a key respondent (MYWO leader), informal financing provides alternatives to conventional loaning systems where collateral is needed. The study found that women find it hard to access credit from the formal financial institutions as they fear the high interest rates and the complex documentation processes before one can access a loan. This limits their personal development, effective involvement in access and control of household resources and is one of the causes of stress in women today.

It was also found that the amount of credit taken by women varies from KES 1,000-40,000. Most women took credits ranging from KES 5,001-10,000, and only a small minority took a loan above KES 35, 000. The average repayment period was one year, which was limiting women capacity to take big loans. Those that needed short terms emergency loans were satisfied with the little amounts that they could service as demonstrated by the data that 21.4% and 25% were comfortable repaying the loan at the intervals of 1-3 and 4-6 months, respectively. Despite the experience women have gained in handling the informal finance from the groups, this study found out that more than half of the respondents were still reluctant to take bank loans.

This study found out that informal financing through groups helps in improving the self-esteem of rural women as they are able to contribute to household resources and feel empowered when they are able to make decision on household assets as well as have access and control of these resources. The respondents also stated that they used the loans to improve their farming. This improves not only the food security at household level but also increases the agricultural yields, thus providing enough food with surplus that is sold as an added family source of income. 32.1% of the respondents said they invested their loans in farming and 21% stated that they benefited a lot from investing in the farming. It is the role of women to provide food for the family; therefore credit empowers women to fulfil their reproductive roles through improved food security at household level, thus releasing them to engage in other productive activities.

Informal credit from the women groups have helped in the education of children, 24% of the respondent indicated that they used the loan to pay for school and college fees for their children. The fact that women are able to contribute to the education of their children from the informal credit raise the self-worth of women as they are able to contribute to the welfare of their children. In addition credit from the groups helped women to establish small businesses thus reducing vulnerabilities to woman brought about by poverty, the study revealed that 24% of the respondents used the loan to invest in small business. The Study also revealed that the loans from the groups increased the standards of living of the respondent an improved their access to healthcare thus contributing to the advancement and empowerment of the rural women.

The idea of empowerment was conceptually explained as a dynamic process of self-identity constructed at individual and collective levels (EU Commission on Women and Development (2007)). As explained earlier in the literature review, key empowerment indicators include, **'power over'** (mutually exclusive relationship of domination) **'power to'** ability to make independent and find solutions to own problems) **'power with'** (ability to get together to negotiate and defend a common goal) and **'power within'** (self-awareness, self-esteem, and assertiveness).

This study was an incremental realisation of broad range of empowerment. This is embedded in the change that credit brings to personal lives of women and the empowerment at household level. Through access to credit, women were able to exploit their inherent capacities, as one of the respondent indicated: "I have been able to offer employment to other women as casual workers who come to assist me in the farm," which translate women lives not just as dependants, but also as providers and employers in the rural areas, thus empowering other women.

The CWA leader asserts that "the loans have enabled women to become better managers of their work at household level and are able to contribute to the development of the family without financial strain that previously brought a lot of stress and disagreements in the family". There is also increased ability articulate community needs and participate and influence decision- making structures as a group. Women's empowerment through access to credit as argued by (Mayoux 1999) emphasize on how credit to women increases income at the household level, hence increased consumption.

This study found that access to credit increases women participation in national building, e.g. participation in constitution making and implementation. According to one of the key informant, the MYWO leader, many women groups were consulted and trained on the constitution making. Furthermore, involvement in decision making process at household and community levels has tremendously increased.

The credit from the women groups sustain the groups for other development activities, MYWO leader indicated that women were trained on civic education through the women groups, this empowers women to actively participate in politics with confidence to analyse political issues that affect women.

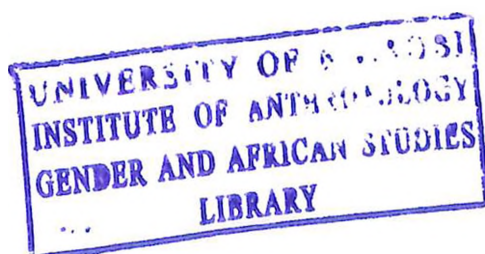
Majority of women also showed that the credit used to improve family needs such as pay school fees, do farming, improve their standard of living and expanding business such as poultry as one women indicated to have started chicken rearing, farming such that I am able to manage about one hundred chicken at a go and have also learnt to keep good farming records and account for profits and loss.

However respondents also highlighted some emerging social problems, related to empowerment of women at the household level. Women access to informal credit from the women *chamas* is changing the power dynamics at household level, on accessing loans from the groups and being able to invest at household level, some women undermine and sideline their husbands and this causes family problems including divorce and separation. In some cases, women neglect their roles at home because they are members of too many groups, and therefore they are always in meetings that eat a lot of family time.

On the other hand some men, having realised that their wives are becoming too empowered as household providers relinquish their role as household providers and divert their resources to drinking and other personal uses including keeping concubines who are not as assertive and empowered as their wives.

One of the biggest challenges is attitudinal change on the part of communities that hold on to cultural practices that women should be confined into domestic sphere. The Kirinyaga County has a major responsibility to spearhead attitudinal change towards culture and traditions that foster subordination of women. This hinders full exploitation of women entrepreneurial skills as their income generating activities remain small as many women cannot venture into large scale businesses for fear of reprimand from their husbands and relatives.

Despite the beneficial roles of women *chamas* in empowering women, poor time management and lack of clear objectives and future focus of the groups and slow down the progress of groups in empowering women through access to informal credit. In most cases the amount of credit received by women is too little for meaningful economic advancement of women. Many groups collapse and members become enemies of each other due to failure of payment of group loans. This acts negatively on women empowerment at household level as it may lead to domestic violence. On the other side, women do not always use the loans for the right cause and therefore access to the money do not always end up empowering the women.



While these challenges persist, the *chamas* help women to contribute and supplement family budgetary plans and reduces dependency on men. They also increase women's ability to contribute and make family decisions, increases women's self image and appreciation and also provide informal banking facilities that are flexible and easily accessible to women. The practical skills formation e.g. Small business entrepreneurship gives financial security to women, thus challenging the traditional role of men as sole providers and bread winners at household level. This is more likely in future to bring more unity in families as both men and women shall be seen as equal contributors to family needs thus reducing the gender disparities.

5.3 Conclusions

In conclusion informal finance from the women *chamas* have empirical positive effects on women empowerment that are observable in:

- Higher incomes which lead to improved health, nutrition and educational status of other household members.
- Increased women's employment in micro-enterprises as well as improved women's income generating activities.
- Enhanced self-confidence and status within the family as productive partners capable of improving the income at household level.
- Increased decision-making ability and participation at the household level.

5.4 Recommendations

Women *chamas* are significant in terms of reducing the household vulnerability to poverty among women but still some are not reaching their growth potential due to many factors as afore mentioned. The following are some of the recommendations from the study:

5.4.1 Education and training

Government should facilitate training for the groups particularly on financial management and loaning procedures. There is need to enhance adult literacy programmes so that women can read and write. This will nurture the leadership skills of all the women group members and contribute to women empowerment at all levels. Training women on new proficiencies they have been conventionally deprived of has great possibility of opening up new role opportunities for them, thus enhancing their empowerment at all levels.

5.4.2 Policy

For effective maximization of credit to women in the informal sector, policy makers must establish and strengthen links between formal and informal financial markets in order to increase savings mobilization and make more funds available to women for investment in the informal sector, thus empowering them and reducing household poverty.

5.4.3 Changing social norms and perceptions

Qualitative factors like social norms and perceptions have a decisive effect in empowerment of women at household level. To improve women's bargaining power would thus need strengthening both their economic situation through increased access to formal credit, and changing the gendered norms and perceptions.

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APPENDICES

Appendix 1: Introductory letter.

Dear Respondent,

My name is Margaret Mwaniki, a student of Nairobi University. I am carrying out a research project study on, "The role of informal finance in empowering women at household level in Sagana Division, Kirinyaga County". I am pleased that you have agreed to take part in this study. Please note that taking part in this research is voluntary. Information gathered during this study will remain anonymous and therefore you do not need to write your name in the questionnaire.

Thank you for your cooperation.

Yours sincerely,

Margaret Mwaniki

Appendix 2: Research Questionnaire.

Please answer all the questions

1. What is your marital status? (Put an X against your answer)

a) Single _____ b) Married _____ c) Divorced _____

2. The following are statements associated with failure to access credit. Please rate them accordingly to the scale provided. (Put an X against your answer)

Statement Factor	Strongly Agree	Agree	Disagree	Strongly Disagree
Credit Empowers women				
Women suffer from stress due to financial inadequacy				
Access to credit improves households standards of living				
My spouse abuses me due to inability to provide for family				

3. How much credit have you taken from the group?

4. How long will it take you to pay the credit and why?

5. Why did you not take a loan from the bank?

6. What did you do with the credit?

7. What would you say are the benefits accrued from the credit you received? List all of them.

8. Would you take the credit from the group again? (Put an X against your answer)

Yes_____

No_____

Why?

NOTE - You can add extra papers if needed.

Thank you for your time and assistance.

Appendix 3: Key Informants Interview Guide

- What do you think about the women chamas in your area?
- Are there any benefits of chamas to the women, what are these benefits?
- From your point of view as a leader, do you think there are any benefits to the families, what are the benefits?
- What are some of the problems of women chamas?
- What are your recommendations to solve these problems?
- Do you have anything important to add about the women chamas?

