

**INFLUENCE OF MICROFINANCE INSTITUTIONS ON
SOCIO-ECONOMIC STATUS OF RICE FARMERS: A CASE OF
MWEA RICE FARMERS, KIRINYAGA COUNTY, KENYA**

BY

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DECLARATION

This research project is my original work and has not been presented for award of a degree in any other university. No part of this research should be reproduced without the author's consent or that of The University of Nairobi.

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DEDICATION

This research work is dedicated to my loving daughter Tatiana Nyawira Wang'ombe whom I denied valuable time while undertaking this study. Not forgetting her father Mr. Joshua Ndung'u for his unlimited financial and moral support.

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ACRONYMS AND ABBREVIATIONS

ASCAs	Accumulating Savings and Credit Associations
CBN	Central Bank of Nigeria
CGAP	Consultative Group to Assist the Poor
IGA	Income generating activity
KWFT	Kenya Women Finance Trust
MFI	Micro Finance Institutions
MRFC	Mwea Rice Farmer's Cooperative Society
NGOs	Non-governmental organizations
ROSCAs	Rotating Savings and Credit Associations
SPSS	Statistical Package for Social Science

ABSTRACT

Microfinance is defined as a collection of banking services based on advancing micro loans mostly without condition of collateral and accepting small savings as deposits from members. The purpose of the study was to establish the influence of microfinance institutions on socio-economic status of rice farmers in Mwea Irrigation scheme. The objectives of the study were: To determine influence of savings mobilisation on socio economic status of rice farmers, To establish the influence of training services on socio economic status of rice farmers, To assess the influence of credit facilities on socio economic status of rice farmers and To determine the influence of insurance services on the socio-economic status of rice farmers in Mwea Irrigation Scheme. A descriptive survey research design was adopted. Questionnaire and interview schedules were used to collect data and analysis was done using SPSS. Descriptive analysis was used to analyze numeric data and findings presented using frequency distribution tables. The overall results suggest that socio economic status of Mwea rice status has improved tremendously after taking loans. This study found out that with their constant saving in groups managed by MFIs, households and individual's farmers in Mwea had built up assets to use as collateral, self-insured themselves against uncertainty and self-financed their investments. Adult literacy and business training programmes offered by MFIs facilitated farmers' access to better jobs and income-generating opportunities and influenced means of promoting modern farming. Credits facilities provided by MFIs created economic empowerment that translated into social empowerment, lifting the poor rice farmers out of poverty. Additionally, insurance services offered by MFIs in Mwea influenced the socio-economic status of rice farmers positively. The Key issue identified by most recipients is lack of stable market for their rice produce. The key recommendation from the study is the need to provide education by MFI since only few of them undertake such exercise.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Armendariz de Aghion and Morduch (2005) defined Microfinance as a collection of banking practices based on advancing micro loans mostly without condition of collateral and accepting small deposits as savings from members. They also explained that Microfinance are institutions which offer savings services, credit, insurance and money transfer services to relatively poor members of society. Stoner and Wankel (2007) further stated that Muhammad Yunus the 2006 Nobel Prize winner pioneered microfinance institutions in Bangladesh with the aim of offering financial services to financially disadvantaged persons so as to disentangle them from the vicious cycle of poverty. MFIs emerged as early as 1970s and have come to be widely accepted as the means of helping the disadvantaged in the society by providing affordable loans without conditions of collateral. Such loans are utilized in economic activities like business ventures and farming which is the avenue for socio-economic development in developing countries (Anderson & Locker, 2002).

Further, Rogaly et al. (2009) admitted that in the modern society, micro-finance services are a useful tool for enhancing the socio-economic status of individuals and groups that are financially isolated in society. A similar view by Ledgerwood (2009) noted that micro-financial services offered to the self-employed and low income groups as well as the economically marginalized groups enhanced their socio-economic status. Rhyne (2001) identified such services as including savings mobilization, credit facilities, insurance services, money transfer services and social intermediation. Micro Finance Institutions (MFIs) in Kenya gained prominence beginning the mid-1990s due to the role they play of providing the low income households and alleviating poverty. A good example of such institution is the Kenya Women Finance Trust (KWFT) which was initiated by a group of women lawyers, bankers and entrepreneurs. Micro finance is viewed as the provider of financial and non-financial services by micro finance institutions (MFIs) to low income members of society without sufficient collateral and

whose activities are linked to income generating ventures. In basic terms, microfinance makes possible a virtuous economic cycle.

An estimated 22 percent of the population of the developing world (including Kenya) lives below \$ 1 a day (World Bank, 2012). Most people barely have enough to spend and save. Traditionally financial institutions have been cautious with lending to farmers due to high default rate and lack of tangible collateral. The farmers also lack technological knowhow and modern technology that normally impede better yields. These factors coupled with lack of collateral inhibit the poor from accessing credit from the formal and commercial banks. Microfinance are the best hope of lifting the poor in the society because they make financial services available to the poor farmers. There is need to find out whether farmers who take loans from the MFIs actually derive benefit from the facilities offered.

Mwea irrigation scheme is in Kirinyaga County and is the biggest rice producing scheme in Kenya. Rice is becoming a common foodstuff in Kenya. Rice yields well in black-cotton soil and needs ample supply of water for better growth. Water in the Mwea irrigation scheme is mainly from two rivers namely; River Nyamindi and River Thiba. In Mwea, there are various types of rice grown including *pishori*. Flooded rice cultivation is profitable but requires high initial investment which is usually not affordable to poor smallholder farmers. Flooded rice usually yields more than upland rice.

1.2 Problem Statement

Financial institutions have made efforts to extend financial services with an aim of helping farmers to improve their socio-economic status. Despite these efforts, majority of rice farmers have continued to face enormous challenges in their attempt to uplift their living conditions, level of income, medical care, rights consciousness, ability to express oneself and rational economic decision making (Anyanwu, 2004). Questions have been raised on the role of Micro finance institutions on social and economic empowerment of farmers. A study of Grameen Bank concluded that participants in credit programs were able to resolve conflicts, more conscious of their rights and better decision makers at the household and community levels (Hashemi, 2007).

A study on the utilization of microfinance loans and household welfare in the emerging market concluded that people who have access to microfinance services had improved household welfare (Omoró & Omwange, 2013). Additionally, Thuita, Mwadime and Wang'ombe (2013) investigated the influence of access to microfinance credit by women on household food consumption. Results stated that families who had access to microfinance loans consumed more nutritious and diverse diets compared to those who did not have access. They concluded that participation in microfinance programmes led to improved food security in households of clients.

Karlan (2001), has argued that on its own, micro-credit could sometimes increase member's disempowerment through higher debt and work burden since credit by definition is a liability that must be paid by all means. Malhotra et al. (2002) noted that scholars just assume that empowerment would be an absolute outcome of access to micro-credit and they have therefore neglected other microfinance services. Therefore, this study sought to establish the influence of credit facilities, insurance services, training and savings on the socio-economic status of rice farmers in Mwea irrigation scheme.

1.3 Purpose of the Study

The purpose was to establish the influence of microfinance institutions on socio-economic status of rice farmers in Mwea irrigation scheme.

1.4 Objectives of the Study

The objectives of the study were:

- i. To determine the influence of savings mobilization on the socio-economic status of rice farmers in Mwea irrigation scheme,
- ii. To establish the influence of training services on the socio-economic status of rice farmers in Mwea irrigation scheme,
- iii. To assess the influence of credit facilities on the socio-economic status of rice farmers in Mwea irrigation scheme,

- iv. To determine the influence of insurance services on social economic status of rice farmers in Mwea irrigation scheme.

1.5 Research Questions

The study was guided by the following research questions:

- i. What is the influence of savings mobilization on the socio-economic status of rice farmers in Mwea irrigation scheme?
- ii. To what extent do training services influence socio-economic status of rice farmers in Mwea irrigation scheme?
- iii. How do credit facilities influence on the socio-economic status of rice farmers in Mwea irrigation scheme?
- iv. What is the influence of insurance services on socio-economic status of rice farmers in Mwea irrigation scheme?

1.6 Significance of the Study

The findings and recommendations of the study will contribute in reinforcing the economic and social pillars of vision 2030. The vision 2030 economic pillar is aimed at enhancing the prosperity of all Kenyans through an economic development programme, covering all the regions of Kenya. It aims to achieve an average Gross Domestic Product (GDP) growth rate of 10% per annum beginning in 2012. While the social pillar aims at building a just and cohesive society with social equity in a clean and secure environment.

The study gave insight into how MFIs impact the lives of their client and thereby add to the knowledge base of MFIs especially as pertains to Mwea region. MFIs are expected to benefit from this study as the outcome is expected to help them give their clients more efficient and effective services. It will also help MFI tailor their services to meet the special needs of their clients. The rice farmers will be able to make informed decisions pertaining to the participation of MFIs programs. The future researchers and scholars will use the findings of this study as a reference and thus spur further studies on the influence of MFIs on the society well-being in general. The findings will thus contribute to the pool of knowledge in the academic field.

1.7 Limitations of the Study

According to Best and Khan (1998), limitations are beyond the control of the researcher that may place restrictions on the conclusions of the study and their application to other situations. Owing to the scope of the study, the researcher experienced time and financial constraints. The funding was limited to private funds only.

1.8 Delimitations of the Study

The study was done at Thiba, Mwea, Tebere, Wamumu and Karaba regions of Mwea irrigation scheme in Kirinyaga County between March and December, 2016 and involved the sampled rice farmers on the subject of the influence of microfinance institutions on the socio-economic status of the rice farmers. The variables of study are the savings mobilization by MFIs, farmer training, provision of credit facilities and insurance services provided to the farmers.

1.9 Assumptions of the Study

The study was conducted on the assumption of respondents' availability and them giving accurate information. Further, the researcher hoped that the required data was readily available and was accurate.

1.10 Definition of Key Terms

Credit facilities: This is an agreement between MFIs and individuals or groups to provide a certain amount of money in loans on demand from the borrower.

Insurance services: a contract represented by a policy that provides a financial compensation against a loss.

Member training: This is provision of skill training, financial training and management training to individuals or groups in a community.

Savings mobilization: Is a process by which individuals or communities are encouraged and guided on how to set aside cash for future or unforeseen circumstances.

Socio-economic status: This is the process of social and economic development in a society and is measured with living conditions, level of income, ability to make decisions, ability to express oneself and the extent of participation in civil society.

1.11 Organization of the study

The study is organized in five chapters. Chapter one gives introduction of the study. This contains the background of the study, problem statement, purpose of the study, objectives of the study, research questions, significance of the study, limitations of the study, delimitations of the study, study assumptions and definition of significant terms. Chapter Two contains reviewed literature based on the variables of the study. It also gives a description of the theoretical framework. Moreover, it contains the conceptual framework of the variables under study.

Chapter Three covers research methodology. It gives a highlight on the research design, target population, sampling procedure, data collection methods, testing for validity and reliability, operational definition of variables and data analysis methods. Chapter Four contains data presentation, analysis and interpretation. Chapter Five covers summary of findings, discussions, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter gives a detailed account of the reviewed literature in relation to the topic of the study. It covers literature on social economic status, savings mobilisation, training services, credit facilities, insurance facilities, theoretical framework, conceptual framework and knowledge gaps to be filled.

2.2 Role of Microfinance Institutions on Socio-economic status of Rice Farmers in Mwea Irrigation Scheme.

Remenyi, et al., (2000) carried out a survey in Asia and Pacific and found out that those households that were accessible to credit facilities were significantly higher than those who did not access credit. They further established that in Indonesia, there was a 12.9% annual average increase in income from those who borrowed while the rise among the non-borrowers was only 3%. Remenyi noted that, in Bangladesh it was 29.3% increase for borrowers and 22% annual average rise in income from no-borrowers. Sri-Lanka indicated a 15.6 rise in income from borrowers and 9 per cent rise from non-borrowers.

Otero (1999) noted that the aim of Microfinance Institutions was not just to provide the poor with capital and to alleviate poverty at individual level but to play a socio-economic role at institutional level by creating institutions that can deliver efficient, affordable and timely services to the poor through a readily available formal banking sector. Littlefield and Rosenberg (2004) noted that the poor were highly disadvantaged from in terms of accessing the financial services and the MFIs major role was to correct the market failure. The disparity should be addressed in a financially sustainable manner such that the MFIs become significant players in the formal financial market of a country with the ability to access the capital market through which they can fund their lending portfolio and be able to reach a large number of poor people (Otero, 1999).

Otero (1999) further stated that there was empirical evidence to the effect that the poor can benefit from MFIs both economically and socially and that could be achieved without compromising the financial sustainability of the MFI. That it was necessary to focus on

improving and serving the poor by crating programs suitable and focused on such groups of people.

According Mutengezanwa *et al.*, (2011) in a study done in Zimbabwe, micro-finance is a movement whose objective is to create a world in which a large number of poor and those that can be classified as almost poor people have a sustainable and long term access to high quality financial services which the banks have not been able to provide because of their focus on clients who have a lot of savings and collateral necessary to obtain loans. The majorities of the farmers have land but have no title deeds so they cannot pledge it as collateral. This leaves banks with no recourse against defaulting borrowers. Because of these difficulties encountered while borrowing, they often rely on relatives or local money lenders whose interest rates are high and are often accused of usury. It is therefore the role of micro finance institutions to ensure that the poor also have access to finance for productive purposes. Improve their financial security, facilitate growth of enterprises, and Allow storage of excess liquidity for future use, Improve the lives and livelihoods of low income earners and those of their dependants, help the low income earners reduce risk, improve management skills, realize high return on investments and social change through empowering women and changing gender relations in the community and households (Robinson, 2001)

MFIs can deliver poor people out of poverty by offering financial services through appropriate mechanisms (Fisher, *et al.*, 2002). He argues that micro credit is necessary but not sufficient for micro enterprise development and growth. They state that the success of micro enterprises depends on the whole range of resources for example natural resources, financial, and human. Wooler (2004) stated that financial intervention has an impact on social relations partly through their economic effects. In many instances implementers of credit schemes have claimed that their work will lead to progressive social change, like women empowerment and changing gender relations both at households and in the community at large. Robinson (2001) stated that financial services are not the panacea for poverty alleviation but other strategies are needed for the very poor who need food and employment before they can make use of financial services.

Formal financial institutions are regulated and supervised, offer a wide range of financial services and control a branch network and can extend across the country and internationally. However, they have proved reluctant to adopt social missions and due to their high cost of operation often cannot deliver services to remote populations (Karlan & Valdivia 2009).

The main aim of microfinance in Kenya is to address poverty. Between 1980s and 2000, NGOs and multi-national agencies were behind many MFIs. They were co-financing agencies. The co-financing agencies were concerned with alleviation of poverty and employment creation as well as increasing the income levels of the poor. They were also concerned with improving social capabilities, availability and access to resources and participation in decision making. Between 1980s and 1990s the dominant and specialized microfinance institutions in Kenya were Kenyan women finance Trust (KWFT), Kenya Rural Enterprise program (K-REP), Family Finance and Faulu Kenya. Some of them have converted into full fledged commercial banks. Empowerment of the farmers is seen as a key growth indicator to boost the eradication of extreme poverty and hunger. With the provision of microcredit coupled with training on business management skills, poverty in developing economies will be a thing of the past. Studies in emerging economies show that a lot has been achieved through convenient and affordable micro-financing. The vast poor are able to increase their cash inflows, develop in entrepreneurship which consequently can lead to the overall development of the economy.

2.2.1 Social Economic Status of Rice Farmers

Farmers are fundamental to social, economic and political outcomes, despite their relative neglect by commercial banks, who continue to treat farmers as quasi-individuals (Rosemary, *et al.*, 2003). Mwea scheme is run by National Irrigation board whose work is to manage the main infrastructure, water management, drawing cropping program and land administration in the scheme. Marketing of rice is open to farmers but NCPB and Mwea rice Growers Cooperative society are the main buyers currently. Bulk of the rice is

sold to middlemen who supply the rice to Capwell ltd in Thika, Kings commodity ltd in Nairobi, and major supermarkets in all major towns in Kenya. Credit to the farmers is provided by mostly the MFIs in the area namely KWFT, Faulu, Eclof, Rafiki microfinance, SMEP and local banks like Equity Bank ltd.

The problems facing the farmers include: Water availability, management and usage is in poor state, high cost of production because the agro inputs retail at high prices, low production per acreage resulting from poor farming methods, damaged roads and canals, poor market due to low priced imported rice mostly Pakistan rice.

2.2.2 Government Policies

The government of Kenya has collaborated with JICA to modernise agriculture in Mwea. Modern machinery has been provided. This has made it easy for farmers to plough their fields using tractors, and harvest the rice using the combine harvesters. Initially the farmers used to plough their lands using the ox plough which made the work extremely tedious and slow.

The government through NIB has set up land for construction of Thiba dam. This will increase the scheme under irrigation to 6,600 acres. JICA will provide 10million with the government putting in 6 million for this project. The project will establish a reservoir to hold 15.6 million cubic metres of water for the expanded irrigation project which will see farmers' plant crops twice per year. The project will also see the farmers diversify to growing other crops. The overall impact of the project will be an additional of a significant proportion of food to the country's food basket.

2.3 Savings Mobilization and Socio-Economic Status of Farmers

Around the world, poor households save in various forms and for various purposes. Although empirical evidence suggests that the poor would deposit if appropriate financial institutions and savings facilities were available, little progress has been made to establish microfinance institutions (MFIs) as full-fledged financial intermediaries. In fact, today most MFIs offer only credit, and savings mobilization remains the forgotten half of microfinance (Mukherjee & Wisniwski, 2012). The CGAP Working Group on Savings,

formed in 1996 and chaired by GTZ (representing Germany), has recently completed case studies of four deposit-taking MFIs and a related comparative paper. People tend to save to compensate for uneven income streams. Poor households save for various purpose; investments, social and religious obligations, insurance against bad health, disability and other emergencies and future consumption. Poor households save in-cash, in-kind (raw material, gold animals ,land and the like), and use rotating savings and credit associations and other forms of non financial and financial savings and loan associations because of limited access to appropriate deposit facilities (Mukherjee & Wisniwski, 2012).

According to Storrow, Gobezie and Figge (2005) in their study that was done in Ethiopia, for the poor particularly those with irregular, low and unreliable income, saving is critical. Ethiopians poor were found out to be generally savers. The poor tend to save fixed amounts of money irregardless of income, varying their consumption according to income. Their decision to save is not an income-surplus function, but rather a reserve. When incomelevels are small, tools to manage it well are vitally important. Money that the poor is hard to hold onto, and is difficult to build into something larger through saving and borrowing for income generating activity (IGA) and saving the profit (Gugerty, 2003). This is the fundamental tragedy of poverty as seen through a financial lens: the “triple whammy” of incomes that are both low and uncertain, within contexts where the financial opportunities to leverage and smooth income to fit expenditure are limited (Collins, et al, 2009). Supporting the poor in their efforts to manage their money well is a fundamental task for financial service providers. While credit has been the traditional focus of microfinance institutions (MFIs) and donors, the importance of micro-savings programs for the poor is gaining recognition within the microfinance literature. Traditional savings schemes, Rotating Savings and Credit Associations (ROSCAs), Accumulating Savings and Credit Associations (ASCAs), deposit collectors, cash hidden in the home have been granularly explored by development practitioners (Rutherford, 2009).

Defining micro-saving for the purpose of measuring stocks, flows, and influences/influence is challenging. There are several possible approaches depending on whether one focuses on the amounts saved, people making the saving or the institutions that the saving takes place. Thus, micro-savings can be thought of as savings made by low-income earners, or as small amounts of savings (the challenge here is to provide a threshold for saving deposits or balances that would distinguish between micro and non-micro savings), or as savings held at institutions that specialize in micro-savings (Gugerty, 2003). However, from the perspective of poorest savers, micro-savings can consist of a large variety of informal, formal and semi-formal practices and defined micro-savings as the savings mobilization through deposit services run by microfinance institutions (MFIs) (Hirschland, 2005).

Diop et al. (2007), posits that there has been a transition toward expanded microfinance, and savings services are seen as a means of securing savings and of encouraging the poorest to save more and more gradually and systematically. Morduch (2007) argues that with savings, households can build up assets to use as collateral, self insure against major shocks, smooth seasonal consumption needs and self-finance investments. Farmers in Mwea are normally organised in groups of 10-15 members.

2.4 Training Services and Socio-Economic Status of Farmers

Adult literacy and business training programs can facilitate farmers' access to income-generating opportunities, better jobs and may be the most influence means of promoting modern farming (Mayoux, 2002). Microfinance-driven empowerment processes of farmers depend as much on farmers' accessibility to credit and on the MFIs providing further services like training. Skill training is necessary to provide the needed entrepreneurial skill for small business start-up while business or management training provides the needed managerial competence for corporate and routine decisions (Ashraf, Karlan & Yin, 2008).

In Mwea, before enrolling the members into the group, financial literacy training also called pre-group training is provided to the member. During the training, members are given orientation about microfinance program, information on different loans and savings

products and its features, rules and regulations they have to comply as a microfinance client. (Mosley & Rock, 2004).

Mosley and Rock (2004) further noted that microfinance training is neither a necessary nor a sufficient condition for rapid poverty reduction. Nevertheless, it can play an important role by increasing the productivity of self-employment in the informal sector of the economy by training members with necessary entrepreneurial and financial management skills. For such MFI members lack of access to training services on financial and business matters is often a critical constraint to the establishment or expansion of viable microenterprises.

Until the 1970s at least, training for MFI members were provided primarily through government and donor-funded programs. Beginning in the late 1970s, however, there has been an emphasis on establishment of financial systems that should reach poor clients on a more sustainable basis. In Asia and elsewhere, a new set of techniques has been developed and applied by specialised microfinance institutions (MFIs) such as Grameen Bank in Bangladesh, and in the village-level operations of Bank Rakyat Indonesia. It is now generally accepted that populations traditionally excluded by the formal financial sector can, in fact, be a profitable market niche for innovative banking services. Despite the rapid growth of MFIs in recent years, their outreach remains very small compared to the potential demand. The Bank Poor '96 Regional Workshop on Microfinance for the Poor in Asia-Pacific found that less than 5 per cent of poor households in the Asia-Pacific region have access to training services. Of the countries in this study, only in Bangladesh and to a lesser extent Indonesia has microfinance reached a significant proportion of poor households.

While the importance of becoming self-sufficient is now widely recognized, few MFIs have yet attained any significant degree of self-sufficiency. Of the 49 MFIs in the Asia-Pacific region that were studied for the poor, including virtually all the largest and most successful MFIs in the region, only six were financially self-sufficient. Only two of these, the Association for Social Advancement in Bangladesh (400,000 clients) and SEWA Bank in India (57,000 clients), managed to reach substantial numbers of poor clients. The

other four MFIs that had achieved financial self-sufficiency had fewer than 2,000 clients. Another six MFIs, including Grameen Bank, Bank ShintaDaya in Indonesia and the Colombo District Union of the Thrift and Credit Cooperative Societies in Sri Lanka, were more than 80 per cent financially self-sufficient. The remaining 37 MFIs studied were less than 80 per cent financially self-sufficient. Hence, it is clear that most MFIs in the Asia-Pacific region have a long way to go before they become self-sufficient. These findings are consistent with the experience of CGAP. In its funding guidelines CGAP requires MFIs to be operationally self-sufficient, but of the 116 self-selected institutions which had applied for CGAP funding as of 30 June 1996, only 5 per cent met this criterion (CGAP, 1996).

If microfinance is to make an important contribution to poverty reduction in the region, then the microfinance sector will have to develop to the stage where it can reach large numbers of poor people on a sustainably. This requires increased attention to all aspects of microfinance, including both the internal operations of MFIs and the external policy and regulatory environment in which they operate. As noted in chapter one, the purpose of this study is to consider how the policy and regulatory environment can best contribute to the development of microfinance.

According to Mayoux (2002), knowledge is power and ensuring that farmers who comprise the largest percentage of small scale entrepreneurs have financial management tips is vital for business expansion. Mosedale (2003), states that farmers need empowerment as they are constrained by the use of technology, high illiteracy levels and market identification. Empowerment is a dynamic process and it is all about making changes, changing the community perception, personal transformation, and improving individual capabilities to be able to formulate strategic choices for their lives (Malhotra *et al.*, 2002).

According to Mayoux and Hartl (2009), the empowerment approach arises from a strong commitment to farmers' rights and capacity to make their own decisions about development strategies, under the credit for empowerment. Microfinance programs have a significant potential for contributing to farmers' economic, political and social

empowerment. Access to savings and credit by farmers induces their investment in economic activities which eventually improves employment opportunities for farmers. This economic contribution may increase their role in economic decision making in the household as well as change in gender roles and increased status within households and communities. Savings and microfinance loans lead to increased incomes and assets and control over these incomes and assets. Status of farmers within the community is also enhanced through a combination of farmers' increased economic activity and control over income, access to knowledge, improved skills and support networks (Malhotra *et al.*, 2002).

2.4 Credit Facilities and Socio-Economic Status of Farmers

MFIs have changed the lives of people and revitalized communities in the world's poorest and also the richest countries. With a range access to financial tools, families can invest according to their own priorities such as healthcare, school fees, nutrition, business or housing (Stiglitz, Joseph & Andrew Weiss, 2011). However, studies have shown that of the 4 billion people who live on less than \$1400 a year, only a fraction have access to basic financial services. With this huge unmet demand, the MFIs have called upon us to build inclusive financial sectors and strengthen the powerful, but often untapped, entrepreneurial spirit existing in impoverished communities. Microcredit is a small amount of money advanced to a client by a bank or other institution. Microfinance refers to financial services offered such as loans, insurance, savings, money transfer services, microcredit loans and other financial products targeted to low-income clients. Microcredit has been changing the lives and livelihoods of people and revitalizing communities worldwide since the beginning of time (Rutherford, 2009).

Zaman (2007) established that the clients of microfinance are generally poor and low-income people. They may be female heads of households, pensioners, artisans or small farmers. The clientele for a given financial organization depends on that organization's mission and goals. Anyone who has access to savings, credit, insurance and other financial services is more empowered. For example, with access to micro-insurance, poor people can meet the sudden expenses associated with serious illness or loss of assets. Having access to formal savings accounts has also proved to be a saving incentive.

Credit creates opportunities for self-employment rather than waiting for employment to be created. It liberates both poor and farmers from the clutches of poverty by bringing the poor into the income stream. Given the access to credit under an appropriate institutional structure and arrangement, one can do whatever one does best and earn money from it. One can become the architect of one's destiny and the agent of change not only for one's family but also for the society.

Weber, (2006) describes microcredit programs as the advancement of micro loans to individuals, usually within groups, as capital investment to enable income generation through self-employment. Weber added that the poor's businesses were seen as a symbol of unmet demand for credit and on the other hand poverty was thought to be the result of market failure, Market imperfections, asymmetric information and the high fixed costs of small-scale lending, limited the access of the poor to formal finance, thus pushing the poor to the informal financial sector or to the extreme case of financial exclusion. Microcredit creates economic power that eventually generates into social power, lifting the poor out of poverty (Yunus, 2009). Moreover, it is also argued that microcredit enhances human capital regardless of poverty level because expenditures on education and health care are increased, which may then extend to poor individuals through intra-household and inter-generational influences (Mosley & Rock, 2004).

In the case of Mwea there are various types of loans offered by MFIs. However, their models are the same. The MFI normally conducts orientation seminar in the community about programme overview, various skills like business management skills, life skills and values formation. The farmers form a group of 15-20 members. The group members elect a team leader. The team leader remits the loan amortization. The individuals then apply for the loan. The application requirements are; must be between 18 to 65 years old, must have attended training for two months, opening of an account where the loan will be disbursed.

The MFIs normally have a loan officer who carries background and credit investigation. The loan applications are then taken to the MFI committee for analysis and approval. If successful members get the funds in their accounts.

2.5 Insurance Services and Socio-Economic Status of Farmers

In recent years, the landscape of the microfinance global market has changed drastically. Some institutions have formalized their insurance services to pave way for diversification of their services in a bid to capture wider needs of the members. Therefore, additional microfinance organizations offering insurance services besides the purely financial services continue to enter the market. At the same time, clients have become more selective and discriminating in terms of the types of products and quality of services they would like from MFIs. Consequently, MFIs have been forced to focus on a wide range of products and services so as to retain their clients and attract new ones interested in the insurance services offered (Chen *et al*, 2009).

Microfinance institutions (MFIs) around the world encounter different market situations. Income countries, such as Bangladesh, or in specific locations within countries, such as LaPaz in Bolivia, competition is stiff and has led to many MFIs venturing into the insurance sector. Increased competition becomes eminent on the supply side when new players enter the market. On the demand side clients become very selective of services offered. High demand increases product sophistication, and clients request tailor-made products such as crop insurance (Chen *et al*, 2009).

Until now, most MFIs have operated in a relatively low competitive environment, where the market for insurance services to microenterprises and small-scale to medium farmers contains only very few players, each having its own specific target clientele, and where the level of unmet demand is high. The priorities for these institutions in the early years mainly concentrated on refining the insurance methodologies, building institutional capacity, maximizing their outreach, and growth of insurance portfolio to achieve sustainability. Another important driving force behind the move to be more customer oriented is the MFI's goal of profitability and sustainability (Rahman & Aminur, 2009). All MFI insurance providers, whether nongovernmental organizations (NGOs) with a

focus on poverty reduction or the commercial institutions concerned with maximizing their return on investment, all realize that the existence of a strong and permanent institution is essential in ensuring the successful provision of insurance services.

In Mwea there are various types of insurance products offered to members. These include credit life insurance. This product is given to all members that have an existing loan. It insures against death and physical disability. When the assured dies the loan balance is paid in full. Another type of product offered is health insurance. This normally may cover the assured client, the family members depending on the type of the insurance cover. Once insured the client normally gets treatment from a hospital without paying bills because they are paid by the insurance. Education policy is also offered. This caters for the children's education on maturity. Another policy is called crop insurance. This covers the farmers against losses like crop failure caused by lack of rain or floods.

2.6 Theoretical Review Literature

Mwea irrigation scheme has various stakeholders. This study therefore borrowed from the stakeholder theory. Miles (2013) explains that the stakeholder theory is more managerial. It guides managers on how to articulate the shared sense of the value they create, and what brings its core stakeholders together. The theory further explains the role of management in promoting stakeholder interests. Dorfman (2012) defines stakeholders as any individual or group that can affect or is affected by an organization, namely the community, the government, suppliers, Community based organizations and vulnerable groups.

Freeman as quoted in Dorfman (2012) advocates that the stakeholder approach assists managers by highlighting how the organization fits into the larger environment, how its operations and procedures affect the stakeholders and cautions them against making major decisions without analyzing the influence such a decision on each of the stakeholders. The objective of the MFI managers should therefore not be focused on just the wealth creation or profit maximization for the stakeholders but should incorporate the normative or moral aspects. This study was also pegged on the resource dependency theory which was postulated by Pfeiffer and Salancil in 1978. The theory postulates that

organizations rely on resources which are normally obtained from their environment. The survival of these organizations depend greatly on their ability to acquire and utilize these resources. Hatch (2013) states that, there is a need for resources and an outlet for finished products and services, and this has forced organizations to depend on their environment. The environment in return has exerted influence on the entities that depend on it.

Fadare (2013), further highlights that such entities cannot survive if they are not guaranteed the continuous supply of the critical resources. This is done by obtaining multiple sources of supply, creating joint ventures, engaging in vertical integration with suppliers and horizontal integration with competitors. MFI therefore is not an independent entity as it must depend to a large extent on the society from which it is operating and for which it serves. This argument is reinforced further by the institutional organizational theory which postulates that an organization can have all the resources in form such as raw materials, labor and capital from the environment but if it is not accepted by the same society, it cannot succeed. In addition to this, according to the input-output model, an organization's survival depends not only on the availability of resources such as raw materials, labor and capital but also social legitimacy for it to thrive (Miles, 2012).

2.7 Conceptual Framework

A conceptual framework explains in narrative form or graphically the main things to be studied. The key factors, variables or constructs and the presumed relationships among them. A diagram of the topic is literally worth more than words can express (Mugenda & Mugenda, 2003). The conceptual framework highlights the independent variables as being savings mobilization, member training, credit facilities and insurance services.

Independent variables

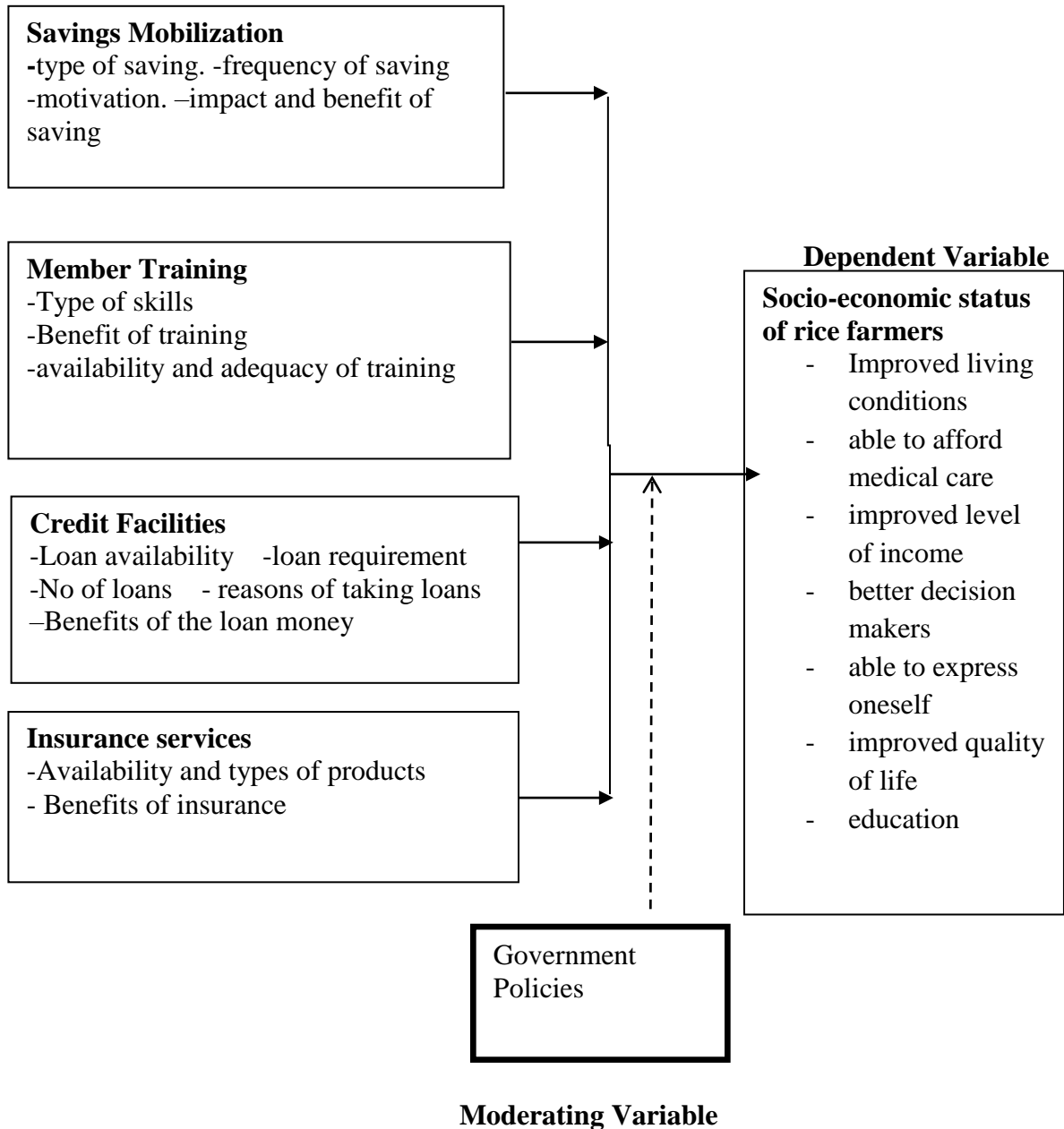


Figure 1: Influence of microfinance institutions on socio-economic status of rice farmers in Kenya

While microcredit has been the traditional focus of microfinance institutions and donors, the need for micro-savings programs for the low income earners is gaining recognition within the microfinance literature. There has been a transition toward expanded

microfinance and savings services are seen as a means of securing credit and of encouraging the poorest to save gradually. The higher the savings level the higher the chances of obtaining credit facilities.

Business training workshops can facilitate and promote modern farming. In addition to providing microcredit to farmers MFIs offer further services like training to empower farmers. Skill training is necessary because it provides the needed entrepreneurial skill for business start-up while management training focuses on the needed managerial competence for routine and corporate decisions.

Credit creates opportunities for self-employment and investment in equities such as shares and purchase of land and houses thus improving on income stream.

2.8 Summary and Knowledge Gap

Despite the several studies undertaken on the role of MFIs in society, history of Mwea Irrigation Scheme, rice value chain, very scanty information exists on the influence of MFIs to rice farmers. The findings of this study will therefore bridge the existing knowledge gap and contribute to the pool of knowledge. Remenyi, *et al.*, (2000) in a survey carried out in Asia and Pacific established household income of families with access to credit is inevitably higher than for comparable households without access to credit. Rosenberg (2004) stated that the poor are generally excluded from the financial services sector of the economy therefore MFIs have emerged to address this market failure. In the case of India, 46 per cent annual average rise in income was reported among borrowers with 24 per cent increase reported from non-borrowers.

Mutengezanwa *et al.*, (2011) in a study done in Zimbabwe, concluded that micro-finance is a movement whose objective is a world in which as many poor and near poor households as possible have permanent access to an appropriate range of high quality financial services. MFIs can deliver poor people out of poverty by delivering financial services through appropriate mechanisms (Fisher, *et al.*, 2002).

CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter discusses the relevant methodological procedures that will be used in data collection and analysis. It contains and describes research design, target population, sampling procedure and sample size, data collection methods, instrument validity and reliability, data analysis, operational definition of variables and ethical issues.

3.2 Research design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. To establish the influence of microfinance institutions on socio-economic status of rice farmers in Kenya, the study adopted a descriptive survey research design. According to Kothari (2008), descriptive research design describes the state of affairs as it exists at present.

3.3 Target Population

The target populations for this study comprises of rice farmers who have accessed MFI services in Mwea. The database of farmers who have regularly accessed MFI services was compiled from enquiries made at MFIs within Mwea. There are about five MFIs namely: SMEP, KWFT, ECLOF, KREP, FAULU. ECLOF however is yet to gain popularity. The regular and most active farmers were estimated at approximately one thousand, three hundred and fifty. Rice farmers' information appears in Table 3.1

Table 3.1 Target Population

Category	Population
Thiba	250
Mwea	350
Tebere	300
Wamumu	250
Karaba	200
Total	1350

3.4 Sampling Procedure and Sample size

A sample was determined which according to Kothari (2008) fulfilled the requirement of efficiency, representativeness, and reliability. The target population of 1350 farmers was subjected to a sampling using Yamane (1967) formula. From the target population of 1350 farmers, the researcher applied Yamane Taro (1967) formula to arrive at a sample size of 309. Yamane (1967) sample size determination formula states that;

$$n = \frac{N}{1 + N e^2} \text{ i.e } 309 = 1350 / (1 + 1350 * 0.05^2)$$

Where; n= The size of a sample

N= The total size of the population

Confidence level for this study is 95%, hence, $\alpha = 0.05$ and $Z = 1.96$

This is from the normal distribution tables.

The Precision or error level = 0.5% and thus, $e = 0.05$.

Table 3.2 Sample Size

Category	Population	Percentage
Thiba	59	20
Mwea	69	22
Teberere	80	26
Wamumu	55	17
Karaba	46	15
Total	309	100

3.5 Data Collection Instruments

The choice of a tool and instrument depends mainly on the attributes of the subjects, research topic, problem question, research objectives, research design, expected data and results (Kumar, 2005). Questionnaire and interview schedules were used to collect data. The use of multiple tools for collecting data enhances the results of each tool. The gaps revealed in one tool can be confirmed by information provided by another instrument.

3.5.1 Questionnaire for Rice Farmers

A questionnaire is a data collection instrument that allows measurement for or against a particular view point (Orodho, 2005). The questionnaires (Appendix II) were used to collect data from the rice farmers of Mwea Irrigation Scheme. Use of questionnaire was deemed fit since it makes anonymity possible. The respondents were not required to identify themselves. Anonymity encourages the respondents to give information freely without fear. The questionnaire used in data collection contained closed-ended questions. The closed-ended questions provided more definite responses to facilitate tangible recommendations (Kombo & Tromp, 2006). The Likert Scale questions in the questionnaires were used to test the rating of various attributes and this aided in reducing the number of related responses in order to obtain more varied responses (Kothari, 2008).

3.5.2 Interview Schedule for Rice Farmers' Leaders

The study also adopted structured interview schedule (Appendix III) from the rice farmers' leaders at Mwea Irrigation Scheme. According to Mugenda and Mugenda (2003), interviews allow researchers to clarify and elaborate the purpose of the research to the respondents to enable them give useful information. Further, during interviews researchers can question and probe the responses to obtain more information. This study utilized structured interviews. According to Kumar (2005), open-ended questions can be included within a structured interview and prompting can be used during interviews for clarification purposes.

3.6 Validity of Research Instruments

Validity test enables ascertain that we are measuring the correct concept and not something else. Kothari (2008), states that a research instrument has validity if it measures what it purports to measure. The research instrument was subjected to content, face and construct validity test. Face validity was done by asking the respondents about their view on the research instrument so that it can be refined and corrected before the actual presentation in the field. The content validity was computed using the content validity ratio which is the extent which test scores are ascertained as claimed. Content

validity is improved through expert judgment as posits Jackson (2009), hence the study sought the expert advice from the research supervisors.

3.7 Reliability of Research Instruments

Reliability indicates the stability and consistency with which the data collection instrument measures the concept. According to Mugenda and Mugenda (2003) a research instrument is reliable if it gives similar results after several trials. Pre-test was done by administering questionnaires to 10 rice farmers, who were not part of the main study. The research assistants were trained by the researcher on how to administer the questions.

3.8 Data Analysis

Data analysis is an attempt to summarize data collected for the study in a dependable and accurate manner (Orodho, 2005). Data analysis process starts immediately after data collection and ends at the point of processing and interpretation of data. After a careful inspection of the completed questionnaires to detect errors and omissions, similar responses were brought together and classified on common features and attributes. This data was then coded and entered into computer into a computer package, that is, Statistical Package for Social Sciences (SPSS), version 22. Calculations of frequencies and percentage distributions were done. Data was then presented in tables and interpretations given

3.9 Ethical Considerations

The study observed all the research ethical requirements by obtaining a Research permit from the National Commission for Science, Technology and Innovation (NACOSTI) and a letter allowing the researcher to carry out an academic research from the University of Nairobi (UoN). The researcher then introduced herself to the various MFIs and established rapport. The findings of the study were treated with utmost confidentiality and for the disclosed purpose only (Creswell, 2005). A copy of the findings was given to MFIs since it would be unethical not to disclose the findings so that they can be used in policy implementation.

3.10 Operational Definition of Variables

Table 3.3: Operationalization of Variables

Objective	Variable	Indicator(s)	Measurement of Indicator	Data Collection Instruments	Data Analysis
Determinants of economic status of rice farmers in Mwea irrigation scheme.	Dependent variable Social economic status	- Living conditions -Level of income -Better decision makers -Quality of life -Conscious of rights -Medical care -Education	-Improved housing -increase in personal and household assets. -Increase in household income and savings. -Ability to invest. -Ability to resolve conflicts. -Access to clean water, proper sanitation, proper nutrition and decent clothing. -participation in community activities -Ability to afford medical expenses, attending medical check-ups and clinic. -Ability to educate children	Questionnaire and Interview Schedule	Descriptive
To determine the influence of savings on socioeconomic status of Mwea rice farmers.	Independent variable	Savings	Type of savings -Frequency of savings -Motivation for saving -Impact of saving	Questionnaire and Interview Schedule	Descriptive

			-How they spent their savings -Benefit after saving		
To determine the influence of credit facilities on socioeconomic status of Mwea rice farmers.	Independent variable	Credit facilities	- Loan availability -Number of loans received -Loan requirement -Time taken to qualify for a loan -Reasons for taking loans -How loan money was sent -Loan benefits	Questionnaire and Interview Schedule	Descriptive
To determine the influence of training on socioeconomic status of Mwea rice farmers.	Independent variable	Training services	- Availability -Adequacy -Type of skills received -Benefit from training	Questionnaire and Interview Schedule	Descriptive
To determine influence of insurance facilities on socioeconomic status of Mwea rice farmers.	Independent variable	Insurance services	Availability of insurance activities -Mode of premium payment -Type of insurance products -Compensation -Benefit of insurance services	Questionnaire and Interview Schedule	Descriptive

3.11 Summary

This chapter has highlighted the research design which was descriptive survey. The target population was all the one thousand three hundred and fifty rice farmers at Mwea irrigation scheme in Kirinyaga County who are members of MFIs. Sampling procedure was done based on Yamane (1967) formulae in order to determine sample size. Simple random sampling was used to identify respondents from each population category. Questionnaire and interview schedule were the instruments for data collection of which validity and reliability were ascertained. Data was analysed by use Statistical Package for the Social Sciences (Version 22). This chapter has also ethical issues that were observed and operational definition of variables contained in the study.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, AND INTERPRETATION

4.1 Introduction

This chapter reports the findings of the study which were collected using questionnaires and interview schedules. The purpose was to establish the influence of microfinance institutions on socio-economic status of rice farmers in Mwea Irrigation Scheme. Structured questionnaires (Appendix II) were used to collect data from rice farmers while structured interview schedule (Appendix III) were used on rice farmers' leaders at Mwea Irrigation Scheme. After the data was collected, it was analyzed and presented in the form of frequency distribution tables. Further in this chapter, the interpretation of the findings is presented. The findings in this chapter are presented on the basis of themes resulting from research questions.

4.2 Return Rate

Response rate is the proportion of the sample that participated in a study as intended in all the procedures set (Jackson, 2009). Out of the 309 respondents targeted as subjects for data collection, 290 were reached. This represented 93.8% of the sampled subjects. The response rate indicates that the findings obtained were valid to draw conclusions since response rate was above the recommended 80% for descriptive studies (Mugenda & Mugenda, 2003). The high response rate was attributed to the fact that the researcher together with the research assistants who were trained on how to administer the questions introduced themselves to the various MFIs active at Mwea Irrigation Scheme, established a rapport and assured the respondents that the findings of the study were to be treated with utmost confidentiality and for academic purpose only. Additionally, researcher and assistants personally administered the questionnaires and interviews and did a follow-up on the respondents. Further, the questionnaires were collected immediately they were filled by respondents and filed for analysis, thus eliminating chances of loss.

4.2 Respondents Bio Data

This section presents the characteristics or personal attributes of rice farmers and their leaders at Mwea Irrigation Scheme who were the respondents in this study. This includes

information regarding the respondents' gender, marital status, age in years, education level, years in rice farming, membership in microfinance, number of MFIs joined and regional representation, as presented using frequencies and percentages. The findings in this section were able at determining the characteristics of the sample used for data collection with an aim of justifying the validity of the findings. This is because the attributes of a particular sample of population determines the responses obtained, which has an effect on the validity of the findings in relation to the problem under study (Kumar, 2005).

4.2.1 Proportions of Respondents by Gender

The respondents were asked to tick their appropriate gender.

Table 4.1: Proportion of Respondents by Gender

Gender	Frequency	Percentage
Male	205	70.7
Female	85	29.3
Total	290	100

As illustrated in the Table 4.1, majority of the respondents in the study were male who formed 70.7% while 29.3% were female. Both male and female rice farmers at Mwea Irrigation Scheme were represented in the study sample. The data collected revealed a gender imbalance among the respondents. This indicated that there were more male rice farmers than their female counterparts at Mwea Irrigation Scheme. This finding suggested that male rice farmers were more likely to be involved in MFIs within Mwea region.

4.2.2 Proportions of Respondents by Marital Status

The respondents were asked to indicate their marital status by ticking appropriately.

The response are presented in Tabled 4.2

Table 4.2: Proportions of Respondents by Marital Status

Marital Status	Frequency	Percentage
Single	10	3.4
Married	250	86.2
Widowed	16	5.5
Divorced	14	4.8
Total	290	100

The proportions of the respondents by their marital statuses were presented in Table 4.2. The analysis of the distribution of respondents by their marital status revealed that majority (86.2%) were married, 3.4% were single, 5.5% widowed and 4.8% were divorced. The findings indicated that majority of rice farmers at Mwea Irrigation Scheme had families that depended on them. Further, the appearance of the proportional figures for the single, widowed and divorced, though in small magnitudes among the rice farmers involved in the study, indicated that the sample for data collection was representative, hence increasing the external validity of the findings. For external validity, appropriate and representative samples are selected which provides an assurance of the results being generalized to the population (Jackson, 2009).

4.2.3 Respondents' Age in Years

The respondents were required to tick the age categories they belonged

The response are presented in Table 4.3.

Table 4.3: Proportions of Respondents' Ages in Years

Categories	Frequency	Percentage
18-30	15	5.2
31-40	22	7.6
41-50	52	17.9
Over 51 years	201	69.3
Total	290	100

According to Table 4.3, the distribution of respondents by their age revealed that majority (69.3%) were over 51 years, followed by those in the age brackets of 41-50 years 31-40 years and 18-30 years at 17.9%, 7.6% and 5.2% respectively. The findings indicated that the older generations at Mwea Irrigation Scheme were more involved in rice farming as compared to the younger ones. This was interpreted to mean that the older generations at the region who were the majority in the sample, had vast experience and knowledge on rice farming and MFIs in the region. This made the sample used for data collection was representative and more viable in drawing conclusions on the influence of microfinance institutions on socio-economic status of rice farmers in Mwea irrigation scheme.

4.2.4 Respondents' Level of Education

The respondents were asked to tick their education level. The response is presented below

Table 4.4: Proportions of Respondents' Levels of Education

Education Levels	Frequency	Percentage
Primary	232	81
High school	38	13.2
College	12	4.1
University	8	1.7
Total	290	100

The analysis in Table 4.4 shows that majority of the respondents (81%) in the study were either holders of primary school certificates or had that level of education. Respondents who had attained high school education were 13.2%, college 4.1% and university 1.7%. Those with college and university education were mainly farmers' leaders interviewed, and were large scale rice producers with Mwea Irrigation scheme. The findings indicate that majority of rice farmers at Mwea Irrigation Scheme had lower levels of education. This can be explained by the fact that most of them (69.3%) were above 51 years as portrayed in Table 4.3. The finding can be interpreted to mean that the younger and literate generation within Mwea region is involved minimally in rice irrigation.

4.2.5 Proportions of Respondents' Years in Rice Farming

The respondents were required to indicate the number of years spent in farming. The response is presented in Table 4.5.

Table 4.5: Respondents' Years in Rice Farming

Years in Rice Farming	Frequency	Percentage
Less than 1	0	0.0
1-5	16	5.5
6-10	30	10.3
Over 10 years	244	84.1
Total	290	100

The analysis of the distribution of respondents by their years in rice farming revealed that majority (84.1%) had over 10 years' experience, 10.3% had 6-10 years, 5.5% had 1-5 years and none had less than a year. The findings indicated that majority of rice farmers were experienced in rice farming. This was explained by the findings indicated in Table 4.3, showing that the older generations at Mwea Irrigation Scheme were more involved in

rice farming as compared to the younger ones. The finding was interpreted to mean that the sample used for data collection was viable in drawing conclusions on the influence of microfinance institutions on socio-economic status of rice farmers in Mwea irrigation scheme. This was as a result of their vast experience in rice farming and consequently, on MFIs within the region catering for their socio-economic needs.

4.2.6 Respondents' Membership in Microfinance Institutions

The respondents in the study were asked if they belonged to or were members of a microfinance institution. The proportions of the respondents by their membership in microfinance institutions are presented in Table 4.6.

Table 4.6: Respondents' Membership in Microfinance Institutions

Responses	Frequency	Percentage
Yes	264	91.0
No	26	9.0
Total	290	100

The findings indicated that the majority who accounted for 91%, were members in microfinance institutions while a minority of 9% were not. However, the farmers' leaders interviewed highlighted that although some of the rice farmers had no membership in microfinance institutions at the time of carrying out the study that did not mean that they had no membership history. The findings indicated that the sample was rich enough to provide data that was valid do draw conclusions from, on the influence of microfinance institutions on socio-economic status of rice farmers in Mwea Irrigation Scheme.

4.2.7 Number of MFIs Joined by Respondents

Respondents were asked to designate the number of MFIs they had joined, after being provided with options ranging from 1 to 5, and their responses were as portrayed in Table 4.7.

Table 4.7: Number of MFIs Joined by Respondents

MFIs Joined by Respondents	Frequency	Percentage
1	15	5.2
2	21	7.2
3	121	41.7
4	110	37.9
5	23	7.9
Total	290	100

From the findings, 41.7% and 37.9% of the respondents had joined 3 and 4 MFIs respectively, 5.2% had joined 1, 7.2% had joined 2 and 7.9%, had joined 5. The findings indicated that the majority of rice farmers at Mwea Irrigation Scheme that accounted for about 94.8%, had joined more than one MFI. This finding suggested that the data collection sample was rich enough to draw inferences in relation to the purpose of the study, which was to establish the influence of microfinance institutions on socio-economic status of rice farmers in Mwea Irrigation Scheme.

4.2.8 Respondents' Regional Representation

Respondents were asked to point out the region they represented, that included Thiba, Mwea, Tebere, Wamumu and Karaba regions of Mwea Irrigation Scheme in Kirinyaga County. Their responses were as portrayed in Table 4.8.

Table 4.8: Respondents' Regional Representation

Regional Representation	Frequency	Percentage
Tebere	76	26.2
Mwea	67	23.1
Thiba	55	19.0
Wamumu	49	16.9
Karaba	43	14.8
Total	290	100

From Table 4.8, 26.2% of the respondents were from Tebere, 23.1% from Mwea, Thiba was represented by 19%, Wamumu by 16.9% and Karaba by 14.8%. The findings indicate that all the regions that form Mwea Irrigation Scheme were representatively included in the sample used for data collection. Therefore, the findings of the study were a true reflection of the description of the population of study. The fair representation helped to establish the influence of microfinance institutions on socio-economic status of rice farmers in Mwea Irrigation Scheme, hence, the attainment of the purpose of the study.

4.3 Savings Mobilization and Socio-Economic Status of Rice Farmers

This section presents the results of the study on the influence of savings mobilization on the socio-economic status of rice farmers in Mwea irrigation scheme. Therefore, this section sought to establish the influence of savings mobilization in microfinance institutions on the socio-economic status of rice farmers. The section reports on the type of saving rice farmers engage in, how often do they save, what motivates them to save, how they spend their savings and the benefit accrued in their savings.

4.3.1 Type of Savings by Rice Farmers

Respondents were asked about the type of saving they engaged in and their responses were as shown in Table 4.9.

Table 4.9: Type of Savings Engaged in by Rice Farmers

Type of Saving	Frequency	Percentage
Merry go round	67	23.1
Fixed deposit saving	11	3.8
Group saving	192	66.2
No savings	20	6.9
Total	290	100

According to Table 4.9, majority of the respondents amounting to 66.2% engaged in group saving, 23.1% in merry go round, 3.8% in fixed deposits and 6.9% did not do any saving. The majority of respondents who reported that they used group saving was

interpreted to mean that there were numerous groups among the rice farmers in Mwea Irrigation Scheme. This was affirmed by the farmers’ leaders during interview. The leaders reported that rice farmers preferred group savings because of the availability of numerous local groups within Mwea Irrigation Scheme that were started by the farmers themselves and managed by MFIs. Farmers in Mwea are normally in groups of 10-15 members. The leaders also explained that merry go round type of saving was also substantial as a result of the many rice farmers’ groups. Fixed deposit savings were done at MFIs. The lower figure representing the savings done by rice farmers at Mwea Irrigation scheme affirms Mukherjee and Wisniwski (2012) finding that today, most MFIs offer only micro credit, while savings mobilization remains the forgotten half of microfinance. This explains the vast savings in groups by rice farmers.

4.3.2 Frequency of Saving by Rice Farmers

Respondents were presented with an item in the research instruments for them to indicate how often they were engaged in saving. The results were as depicted in Table 4.10.

Table 4.10: Frequency of Saving by Rice Farmers

Frequency of Saving	Frequency	Percentage
Daily	1	0.3
Weekly	88	30.3
Monthly	201	69.4
Do not save at all	0	0
Total	290	100

The analysis results posit that majority of the respondents opined that the most common frequency of saving was monthly at 69.4%, followed by weekly at 30.3% and daily at 0.3%. No respondent indicated that they never saved at all. The finding indicates that Mwea rice farmers saved mostly on a monthly and weekly basis. The farmers’ leaders interviewed explained this by stating that since most of the savings were done in groups, the groups’ policies controlled the frequencies of the farmers’ savings. The finding on the availability of rice farmers who were not involved in any saving at all affirmed Storrow,

Gobezie and Figge (2005) inferences in their study that was done in Ethiopia, that for the poor particularly those with low, irregular and unreliable income, saving is life-threatening.

4.3.3 Motivation for Saving among Rice Farmers

After they were presented with a question in the instruments on what motivated their saving, respondent responses were as depicted in Table 4.11.

Table 4.11: Motivation for Saving among Rice Farmers

Motivation for Saving	Frequency	Percentage
In order to qualify for a loan	174	60.0
To pay school fees	58	20.0
To purchase household items	38	13.1
To finance health care	20	6.9
Total	290	100

Findings in Table 4.11 show that majority of the respondents accounting to 60% saved in order to qualify for a loan, 20% to pay school fees, 13.1% to purchase household items and 6.9% to finance health care. The reasons for saving among rice farmers in Mwea Irrigation scheme is majorly seen as a way to access credit facilities, explained by Malhotra *et al.* (2002) that it encourages their investment in economic activities which eventually improves employment opportunities for them.

4.3.4 Level of Savings' Spending by Rice Farmers

As an item in the research instruments, respondents were asked to indicate the degree of agreement or disagreement against the words that best described their views after every statement on how they spent their savings. The following were the degrees given: strongly agree (SA), agree (A), undecided (UD), disagree (D), and strongly disagree (SD). The following phrases were provided as ways in which they spent their savings: as collateral to a loan; to pay school fees; to purchase household items; and to buy medicines.

The level of spending of savings by rice farmers was measured using a 5-point Likert scale. Rice farmers' responses to the phrases ranged from strongly disagree to strongly agree. Responses were awarded the following scores; strongly disagree 1, disagree 2, undecided 3, agree 4 and strongly agree 5. The least possible score was 15 and the highest score was 75. To establish the level of spending of savings by rice farmers, scores were then grouped into two categories. Farmers who scored 15 to 45 were categorized in the low level of spending and those who scored 46 to 75 were categorized in the high level. To establish the level of rice farmers' savings' spending, the scores were computed as shown in Table 4.12.

Table 4.12: Level of Savings' Spending by Rice Farmers

Score range		Frequency	Percentage
Low	15-30	38	13.1
	31-45	20	6.9
Sub-total		58	20
High	46-60	58	20.0
	61-75	174	60.0
Sub-total		232	80
Grand Total		290	100

As the results in Table 4.8 indicate, level of spending of savings by rice farmers for majority of the respondents (80%) was high. Only 20% reported that their level of savings' spending was low. Therefore, the study determined that majority of rice farmers at Mwea Irrigation Scheme, that accounted for 80%, spent their savings as a collateral to a loan, to pay school fees, to purchase household items and to buy medicines. The findings translate to empowerment among rice farmers at Mwea Irrigation Scheme as a result of financial management through saving, hence enabling them to manage their spending. The study finding is in agreement with Morduch (2007) who argues that with savings, households and individuals can accumulate assets to pledge as collateral, smooth seasonal consumption needs, self-insure against unforeseen risks and self-finance investments.

4.3.5 Benefit of Savings to Rice Farmers

As an item in the research instruments, respondents were asked to indicate the degree of agreement or disagreement against the words that best described their views after every statement on the benefit of savings. The following were the degrees given: strongly agree (SA), agree (A), undecided (UD), disagree (D), and strongly disagree (SD). The results were as shown in Table 4.13.

Table 4.13: Benefit of Savings to Rice Farmers

Benefits of Savings	Percentages (n=290)				
	SA	A	UD	D	SD
Enabled them to start other income generating projects	49.2	32.2	16.5	2.1	0
Enabled them meet household expenses	51.3	27.3	5.6	10.6	5.2
Able to pay school fees	16.8	55	3.2	14.2	10.8
Enabled them to qualify for a loan and hence buy inputs for rice production	66.7	23.9	1.2	6.3	1.9

The findings in Table 4.13 shows that 49.2% of the respondents strongly agreed, 32.2% agreed, and only 2.1% disagreed that savings enabled them to start other income generating projects apart from rice production. The finding indicates that majority of the rice farmers in Mwea Irrigation Scheme felt that savings aided them to venture into other businesses. Majority of rice farmers were also able to meet household expenses as a result of savings as depicted by 51.3% and 27.3% of the respondents who strongly agreed and agreed respectively. Savings also aided farmers to pay school fees depicted by 16.8% of the responses of those who strongly agreed and 55% of those who agreed. Additionally, 66.7% of the rice farmers strongly agreed that savings enabled them to qualify for a loan and hence buy inputs for a higher scale rice production; 23.9% agreed while 6.3% and 1.9% disagreed and strongly disagreed correspondingly.

The findings above point out that savings enabled rice farmers to start other income generating projects, to meet household expenses, to pay school fees and to qualify for a loan and hence buy inputs for a higher scale rice production. This study is in line with

Rogaly et al. (2009) who found out that in the modern society, micro-finance services are a useful tool for enhancing the socio-economic status of individuals and groups that are financially isolated in society. A similar view was made by Ledgerwood (2009) who noted that micro-financial services offered to the self-employed and low income groups as well as the economically marginalized groups enhanced their socio-economic status. Rhyne (2001) identified such services as including savings.

4.4 Training Services and Socio-Economic Status of Rice Farmers

This section presents the results of the study on the influence of training services on the socio-economic status of rice farmers in Mwea Irrigation Scheme. The section reports on training services offered by MFIs to rice farmers, adequacy of the training services, and the type of skills received from the training and the benefits.

4.4.1 Availability of MFIs Training Services in Mwea Irrigation Scheme

The researcher asked the respondents who were rice farmers to indicate if microfinance institutions in Mwea Irrigation Scheme offered training services to rice farmers. The proportions of the responses are presented in Table 4.14.

Table 4.14: Availability of MFIs Training Services in Mwea Irrigation Scheme

Responses	Frequency	Percentage
Yes	265	91.4
No	25	8.6
Total	290	100

The analysis in Table 4.14 shows that majority of the rice farmers (91.4%) indicated that there were training services that were offered by MFIs within Mwea Irrigation Scheme with a minority of 8.6% saying No. The findings as shown in Table 4.4 shows that majority of the respondents (81%) in this study were either holders of primary school certificates or had that level of education. Therefore, training is essential for empowerment purposes for the rice farmers. According to Mayoux (2002), adult literacy and business training programs can facilitate farmers' access to better jobs and income-

generating opportunities and may be the most influence means of promoting modern farming.

Further, the rice farmers were required to indicate whether the training services were adequate. The proportions of the responses in Table 4.15 shows that slightly more than half of the rice farmers (54.5%) said that the training services offered by MFIs in Mwea were adequate, with a substantial number (45.5%) saying No.

Table 4.15: Adequacy of MFIs Training Services in Mwea Irrigation Scheme

Responses	Frequency	Percentage
Yes	158	54.5
No	132	45.5
Total	290	100

This study determined that majority of rice farmers amounting to 66.2% (see Table 4.9) engaged in group saving and the leaders interviewed reported that rice farmers preferred group savings because of the availability of numerous local groups within Mwea Irrigation Scheme that were started by the farmers themselves and managed by MFIs. The findings of this study are in line with those of Mosley and Rock (2004) who established that in Mwea, before enrolling the members into the group, financial literacy training also called pre-group training is provided to the member. During the training, members are oriented about microfinance program, information on different loans and savings products and its features disseminated to them, rules and regulations they have to comply as members of MFI. This study also established that not all rice farmers were a member of MFIs at the time of study (see Table 4.6).

4.4.2 Skills Offered by Microfinance Training Services

The researcher required the respondents to indicate the type of skills they received from the microfinance training services. The responses were as shown in Table 4.16.

Table 4.16: Skills Offered by Microfinance Training Services

Microfinance Training Services	Frequency	Percentage
Financial management	188	64.8
Farming skills	22	7.6
Business management skills	70	24.1
Life skills	10	3.4
Total	290	100

Findings in Table 4.16 shows that financial management training was the highest service given to rice farmers in Mwea Irrigation Scheme by MFIs as was reported by majority of the respondents amounting to 64.8%. Business management skills were second with 24.1%, farming skills third with 7.6% and lastly, life skills at 3.4%. The findings indicate that MFIs in Mwea Irrigation Scheme concentrated mostly on financial and business management training services among the rice farmers.

According to Ashraf, Karlan and Yin (2008), skill training is necessary to provide the needed entrepreneurial skill for small business start-up while business or management training provides the needed managerial competence for corporate and routine decisions. In savings and mobilization among rice farmers, this study established that that majority of the rice farmers in Mwea Irrigation Scheme felt that savings aided them to venture into other businesses (see Table 4.12 and 4.13). Therefore, training services on financial and business management is critical. However, farming and life skills too are essential for rice farmers and the MFIs within the region should restructure their training programmes re-emphasizing on the services too. This will ensure that rice farmers are well rounded in both their current ventures (rice farming) and other businesses (income generating activities).

4.4.3 Level of Benefits from Microfinance Training Services to Rice Farmers

The researcher required the respondents to indicate the degree of agreement or disagreement against the words that best described their views after every statement on how they benefited from MFIs training services. The following were the degrees given:

strongly agree (SA), agree (A), undecided (UD), disagree (D), and strongly disagree (SD). The following phrases were provided as ways in which the rice farmers benefited from the training: it enabled me to plan and manage finances; it equipped me with skills to increase crop production; it equipped me with skills on how to manage other income generating projects; it equipped me with life skills on how to handle HIV, life problems and alcoholism; it was not helpful at all.

The level of benefits from MFIs training by rice farmers was measured using a 5-point Likert scale. Rice farmers' responses to the phrases ranged from "strongly disagree" to "strongly agree." Responses were awarded the following scores; strongly disagree 0, disagree 1, undecided 2, agree 3 and strongly agree 4. The least possible score was zero for the respondents who answered "strongly disagree" in all the five items provided. The highest score was 20 for those who answered "strongly agree" in all the five items. To establish the level of benefit by rice farmers, scores were then grouped into two categories. Farmers who scored 0 to 10 were categorized in the low level of benefits and those who scored 11 to 20 were categorized in the high level. To establish the level of rice farmers' training benefits, the scores were computed as shown in Table 4.17.

Table 4.17: Level of Benefits from Microfinance Training Services to Rice Farmers

Score range		Frequency	Percentage
Low	0-5	10	3.4
	6-10	15	5.2
Sub-total		25	8.6
High	11-15	80	27.6
	16-20	185	63.8
Sub-total		265	91.4
Grand Total		290	100

As the results in Table 4.17 indicate, the level of benefits accrued to MFIs training services to rice farmers as portrayed by majority of the respondents (91.4%) was high. Only 8.6% indicated that their level was low. Therefore, the study determined that

majority of rice farmers at Mwea Irrigation Scheme that accounted for 91.4%, benefited from training services offered by MFIS and they were able to plan and manage their finances, increase crop production, manage other income generating projects and were conversant with how to handle HIV pandemic, life problems and alcoholism.

The findings above translate to empowerment among rice farmers at Mwea Irrigation Scheme as a result of training services offered by MFIs, hence enabling them to acquire financial, business and life skills. According to Mayoux (2002), knowledge is power and ensuring that farmers who comprise the largest percentage of small scale entrepreneurs have financial management tips is vital for their growth.

4.5 Credit Facilities and Socio-Economic Status of Rice Farmers

This segment presents the results of the study on the influence of training services the influence of credit facilities on the socio-economic status of rice farmers in Mwea Irrigation Scheme. The section reports on access to loans services from MFIs among rice farmers, number of loans ever received, loan requirements from MFI, time taken to qualify for a loan in months, reasons for taking a loan, servicing the loan, spending the loan money and the benefits of the loan.

4.5.1 Access to Loans Services from Microfinance Institutions

The researcher asked the respondents who were rice farmers to indicate whether they accessed loans from the microfinance institutions which they were members. The proportions of the responses are presented in Table 4.18.

Table 4.18: Access to Loans Services from Microfinance Institutions

Responses	Frequency	Percentage
Yes	236	81.4
No	54	18.6
Total	290	100

From Table 4.18, a majority of 81.4% of the rice farmers reported that they received credit facilities from MFIs and 18.6% said No. This indicates that majority of rice

farmers in Mwea had access to loan services from the microfinance institutions they had membership in. This finding is in line with Remenyi, et al. (2000) results on a survey carried out in Asia and Pacific which found out that those households that were accessible to credit facilities were significantly higher than those who did not access credit.

The farmers' leaders interviewed explained about the MFIs credit facilities this further. According to the farmers' leaders, in the case of Mwea, there are various types of loans offered by MFIs. However, their models are the same. The MFI normally conducts orientation seminar in the community about programme overview, various skills like business management skills, life skills and values formation. The farmers form a group of 15-20 members. The group members elect a team leader. The team leader remits the loan amortization. The individuals then apply for the loan. The application requirements are; must be between 18 to 65 years old, must have attended training for two months, opening of an account where the loan will be disbursed. The MFIs normally have a loan officer who carries background and credit investigation. The loan applications are then taken to the MFI committee for analysis and approval. If successful, members get the loan money in their accounts.

4.5.2 Number of Loans Ever Received by Rice Farmers

The respondents were asked to indicate the number of loans ever received. The response is shown in Table 4.19.

Table 4.19: Number of Loans Ever Received by Rice Farmers

Number of Loans	Frequency	Percentage
0	54	18.6
1-3	201	69.3
4-6	26	9.0
7-9	9	3.1
More than 9	0	0
Total	290	100

Majority of rice farmers in Mwea (69.3%) had received credit facilities from MFIs 1 to 3 times. Additionally, 9% had received loan services 4-6 times and 3.1%, 7-9 times. The findings also indicate that a substantial number amounting to 18.6% of the rice farmers had not accessed credit facilities from MFIs.

In their work, Stiglitz, Joseph and Weiss (2011) highlighted that of the 4 billion people who live on less than \$1400 a year, only a tiny proportion have access to basic financial services such as credit facilities. With the 18.6% of rice farmers in Mwea having not have accessed loan services, it was critical to probe on the loan requirements from the MFIs.

4.5.3 Loan Requirements from MFI for Rice Farmers

The researcher asked the rice farmers who were respondents in the study to indicate what the loan requirements are from the MFIs in order to qualify for credit facilities. The responses are as shown in Table 4.20.

Table 4.20: Loan Requirements from MFI for Rice Farmers

Loan Requirements	Frequency	Percentage
Group co-guarantee	0	0
Moveable and non-movable collateral	0	0
Group savings	236	100
Total	236	100

As shown in Table 4.20, 100% of the rice farmers who accessed loan services from MFIs (236 rice farmers accounting for 81.4% as shown in Table 4.18), the major requirement was group savings. This finding is explained by another finding in this study (see Table 4.9) that majority of rice farmers in Mwea, amounting to 66.2% engaged in group saving. Further, farmers in Mwea are normally in groups of 10 -15 members.

4.5.4 Time Taken to Qualify for a Loan in Months

The rice farmers were asked to indicate the time take to qualify for a loan from the MFIs. The responses were as shown in Table 4.21.

Table 4.21: Time Taken to Qualify for a Loan in Months

Time Requirement	Frequency	Percentage
Less than 1	0	0.0
1-3	188	64.8
4-6	26	9.0
7-9	22	7.6
More than 9	0	0.0
Total	236	100

According to the findings in Table 4.21, a majority of 64.8% of the rice farmers who qualified for a loan from MFIs indicated that it took them 1-3 months. Further, 9% and 7.6% indicated that they qualified for a loan after a period of 4-6 and 7-9 months respectively. No rice farmer indicated that they qualified for a loan after a period of less than a month or after more than 9 months.

4.5.5 Reasons for Rice Farmers Taking Loans

The rice farmers were asked to indicate some of the reasons they took loans from MFIs. The responses were as shown in Table 4.22.

Table 4.22: Reasons for Rice Farmers Taking Loans

Reasons for Taking Loans	Frequency	Percentage
Purchase of farm inputs and meet labour costs	187	64.5
To start other income generating projects	15	5.2
Improve the standards of living	13	4.5
To pay school fees	75	25.9
Total	290	100

Findings in Table 4.22 shows that majority of the rice farmers in Mwea Irrigation Scheme (64.5%) took loans to purchase farm inputs and meet labour costs. The second in magnitude as the reason as to why the farmers took loans from MFIs was to pay school fees accounted for by 25.9% of the responses given. Farmers also took loans to start other

income generating projects at 5.2% and improve their standards of living like building a better house and buying household items. The above results of this study explains Omoro and Omwange (2013) finding on the utilization of microfinance loans and household welfare in the emerging market, that people who have access to microfinance services had improved household welfare.

4.5.6 Servicing of Loans from Microfinance Institutions by Rice Farmers

Rice farmers in Mwea were asked to indicate whether they were able to or comfortable to service the loans they received from microfinance institutions which they were members. The proportions of the responses are presented in Table 4.23.

Table 4.23: Servicing of Loans from Microfinance Institutions by Rice Farmers

Responses	Frequency	Percentage
Yes	141	59.7
No	95	40.3
Total	236	100

From Table 4.23, more than half of the rice farmers (59.7%) who accessed loan facilities were comfortable in repaying it while 40.3% were not. This finding indicates that quite a substantial number of rice farmers were unable to comfortably repay loans. The finding affirms Karlan (2001) argument that on its own, micro-credit could sometimes increase member's disempowerment through higher debt and work burden since credit by definition is a liability that must be paid by all means.

4.5.7 Loan Spending by Rice Farmers

The researcher probed from the rice farmers in Mwea about how they spent the loans they received from MFIs. The responses were as depicted in Table 4.24.

Table 4.24: Loan Spending by Rice Farmers

Loan Spending by Rice Farmers	Frequency	Percentage
Fees payment	87	25.6
Started other income generating projects	45	13.2
Bought farm inputs and paid labor costs	198	58.2
Settled debts	10	2.9
Total	340	100

Findings in Table 4.24 show that out of the 340 responses given by rice farmers in Mwea, a majority of 58.2% indicated that loans were used to buy farm inputs and to pay labour costs. This finding can be explained by the fact that rice farming is both input and labour intensive, and this was the major venture for the population targeted in this study. Further from the responses given, 25.6% were from those farmers who used loans to pay school fees, 13.2% to start other income generating projects and 2.9% to settle debts. The findings indicate that access to credit facilities from MFIs among rice farmers in Mwea helped to improve their socio-economic status in that they were able to pay school fees, start other businesses apart from rice farming, pay debts and to farm inputs and pay labor costs. This finding agrees with Yunus (2009) that credits facilities create economic power that generates into social power, lifting the poor out of poverty.

4.5.8 Level of Benefits from Microfinance Credit Facilities to Rice Farmers

The researcher required the respondents to indicate the degree of agreement or disagreement against the words that best described their views after every statement on how they benefited from MFIs credit facilities. The following phrases were provided as ways in which the rice farmers benefited from loans: it increased my income, it improved my standard of living, there was no change at all; loan crippled my farming and left me in debts.

Farmers' responses regarding the benefits of MFI loans were measured using a 5-point Likert scale. Farmers' responses to the items ranged from "never" to "very often". Responses were awarded the following scores; never 0, rarely 1, sometimes 2, often 3 and very often 4. The least possible score was 0 and the highest score was 60. To

establish the level of benefits, farmers' scores were then grouped into two categories. Farmers who scored 0 to 30 were categorized as being rarely benefited from MFI loans and those who scored 31 to 60 were categorized as those who highly benefited. To establish the level of the benefits, farmers scores on benefits of MFI loans were computed as shown in Table 4.25.

Table 4.25: Level of Benefits from Microfinance Credit Facilities to Rice Farmers

Score range		Frequency	Percentage
Low	15-30	29	10.0
	31-45	25	8.6
Sub-total		54	18.6
High	46-60	39	13.5
	61-75	197	67.9
Sub-total		236	81.4
Grand Total		290	100

The results in Table 4.25 indicate that majority of the rice farmers (81.4%) recorded a high level of benefits from the loan services offered by MFIs in Mwea, and 18.6% reported low level of benefits. The rice farmers who benefited highly from MFIs credit facilities cited that they utilized the loans to increase their income and to improve their standards of living. This finding is in line with Ledgerwood (2009) who noted that micro-credit services offered to the self-employed and low income groups as well as the economically marginalized groups enhanced their socio-economic status. Those who cited credit facilities as having low level benefits gave reasons such as that the loans had either no effect at all on their socio-economic status in that the loan crippled their farming business and left them in debts. This finding further affirms Karlan (2001) argument that on its own, micro-credit could sometimes increase member's disempowerment through higher debt and work burden since credit by definition is a liability that must be paid by all means.

4.6 Insurance Services and Socio-Economic Status of Rice Farmers

This segment presents the results of the study on the influence of insurance services on social economic status of rice farmers in Mwea Irrigation Scheme. The section reports on insurance services to rice farmers from MFIs, premiums paid, insurance products received, farmers' compensation after making claims and the benefits of insurance services offered.

4.6.1 Access to Insurance Services from Microfinance Institutions

The researcher asked the respondents who were rice farmers to indicate whether they accessed insurance services from the microfinance institutions which they were members. The proportions of the responses are presented in Table 4.26.

Table 4.26: Access to Insurance Services from Microfinance Institutions

Responses	Frequency	Percentage
Yes	255	87.9
No	35	12.1
Total	290	100

Table 4.26 shows that a majority of 87.9% of the rice farmers in Mwea received insurance services from MFIs while 12.1% did not. This finding affirms Chen et al., (2009) assertion that in recent years, the landscape of the microfinance global market has changed drastically in that the institutions have become formalized insurance service providers to pave way for diversification of their services in order to capture wider needs of the members.

4.6.2 Mode of Payment of Premiums

Respondents were asked about their mode of payment of premiums and their responses were as shown in Table 4.27.

Table 4.27: Mode of Payment of Premiums

Mode of Payment of Premiums	Frequency	Percentage
One off	236	67.6
Monthly	112	32.1
Yearly	1	0.3
Total	349	100

Table 4.27 indicates that from the total number of responses given, a majority accounting to about 67.6% represented One-off payment mode of premiums among rice farmers in Mwea. The second popular mode of premium payment was Monthly at 33.1% and finally Yearly at 0.3%. These findings indicate that majority of rice farmers pay insurance premiums to MFIs on One-off, a substantial do it monthly and very few pay yearly.

4.6.3 Insurance Products Offered to Rice Farmers by MFIs

The researcher probed from the rice farmers in Mwea about the insurance products they received from MFIs. The responses were as depicted in Table 4.28.

Table 4.28: Insurance Products Offered to Rice Farmers by MFIs

Insurance Products Offered	Frequency	Percentage
Crop insurance	1	0.3
Health insurance	34	9.7
Education policy	78	22.3
Credit life insurance	236	67.6
Total	349	100

From the findings depicted in Table 4.28, credit life insurance was the major product of MFIs to rice farmers in Mwea at 67.6% of the responses given, education policy was second at 22.3%, health insurance was at 9.7% and crop insurance was the least offered at 0.3%. Therefore, in order of the common insurance products offered to rice farmers at Mwea by MFIs, the popularity rested on credit life insurance and dwindled crop insurance.

Further probing from the interviews conducted to farmers' leaders expounded on the insurance products. They expounded that in Mwea, there are various types of insurance products offered to members. These include credit life insurance. This product is given to all members that have an existing loan. It insures against death and physical disability. When the assured dies the loan balance is paid in full. Another type of product offered is health insurance. This normally may cover the assured client, the family members depending on the type of the insurance cover. Once insured the client normally gets treatment from a hospital without paying bills because they are paid by the insurance. Education policy is also offered. This caters for the children's education on maturity. Another policy is called crop insurance. This covers the farmers against losses like crop failure caused by lack of rain or floods.

The findings of this study are in line with Chen *et al.* (2009) observation that Microfinance institutions (MFIs) around the world face very different market situations. Increased competition becomes evident on the supply side when new players enter the market. On the demand side clients become very selective choosing between various services, the rise in demand increases product sophistication, and requests for tailor-made products such as crop insurance. Crop insurance in Mwea was tailor-made to suit rice farmers.

4.6.4 Response on Compensation after Making Claims on Insurance

The researcher asked the rice farmers whether they were compensated after making claims on insurance from the microfinance institutions which they were members. The proportions of the responses are presented in Table 4.29.

Table 4.29: Response on Compensation after Making Claims on Insurance

Responses	Frequency	Percentage
Yes	201	69.3
No	89	30.7
Total	290	100

The responses in Table 4.29 show that more than two thirds (69.3%) of the rice farmers in Mwea said that MFIs compensated them after they made claims on insurance while 30.7% said No. Farmers who said that MFIs did not offer compensation when claims were made were partly those who did not have access to insurance services (see Table 4.26).

4.6.5 Level of Benefits from Microfinance Insurance Services to Rice Farmers

The researcher required the respondents to indicate the degree of agreement or disagreement against the words that best described their views after every statement on how they benefited from MFIs Insurance services. The following phrases were provided as ways in which the rice farmers benefited from insurance services: able to afford medical services; able to educate children; able to continue farming even after death of a spouse because the insurance; able to continue farming because of crop compensation.

The level of benefits from microfinance insurance services to rice farmers was measured using a 5-point Likert scale. Rice farmers' responses to the phrases ranged from strongly disagree to strongly agree. Responses were awarded the following scores; strongly disagree 1, disagree 2, undecided 3, agree 4 and strongly agree 5. The least possible score was 15 and the highest score was 75. To establish the level of benefits from microfinance insurance services, scores were then grouped into two categories. Farmers who scored 15 to 45 were categorized in the low level of benefits and those who scored 46 to 75 were categorized in the high level. To establish the level of rice farmers' benefits from microfinance insurance services, the scores were computed as shown in Table 4.30.

Table 4.30: Level of Benefits from Microfinance Insurance Services to Rice Farmers

Score range		Frequency	Percentage
Low	15-30	25	8.6
	31-45	35	12.1
Sub-total		60	20.7
High	46-60	78	26.9
	61-75	152	52.4
Sub-total		230	79.3
Grand Total		290	100

As the results in Table 4.30 depict, majority of the rice farmers (79.3%) recorded a high level of benefits from the insurance services offered by MFIs in Mwea, and 20.7% reported low level of benefits. The rice farmers, who benefited highly from MFIs insurance facilities cited that they utilized the services to afford medical services, educate children, to continue farming even after death of a spouse and to continue farming because of crop compensation. Therefore, insurance services offered by MFIs in Mwea can be said to be influencing the socio-economic status of rice farmers positively. Those who said that they benefited lowly comprised partly of the rice farmers who never accessed insurance services at all.

4.6 Social and Economic Wellbeing of Rice Farmers

The researcher required the respondents to indicate their degree of agreement or disagreement against the words that best described their views after every statement on their social and economic wellbeing before and after joining MFIs. The following phrases were provided as possible responses of what they were and are able to do: educate the children; afford health care; afford clothing and food; participate in community activities; make informed decisions regarding finances; acquire assets like land and machinery;

build iron sheet- roofed house; purchase household items; resolve conflicts; and access clean water and proper sanitation.

Farmers’ responses regarding their social and economic wellbeing before and after joining MFI were measured using a 5-point Likert scale. Farmers’ responses to the items ranged from “never” to “very often”. Responses were awarded the following scores; never 0, rarely 1, sometimes 2, often 3 and very often 4. The least possible score was 0 and the highest score was 60. To establish the level of benefits, farmers’ scores were then grouped into two categories. Farmers who scored 0 to 30 were categorized as being rarely able and those who scored 31 to 60 were categorized as those who were highly able. To establish the level social and economic wellbeing before and after joining MFI, farmers scores were computed as shown in Table 4.31 and 4.32.

Table 4.31: Level of Socio-Economic Wellbeing of Rice Farmers Before Joining MFI

Score range		Frequency	Percentage
Low	15-30	221	76.2
	31-45	45	15.5
Sub-total		266	91.7
High	46-60	18	6.2
	61-75	6	2.1
Sub-total		24	8.3
Grand Total		290	100

The results in Table 4.31 indicate that majority of the rice farmers (91.7%) recorded a low level of social and economic wellbeing before joining MFIs. Only 8.3% reported a high level socio-economic wellbeing. This means that before joining MFIs, rice farmers in Mwea experienced problems in educating their children; affording health care; affording clothing and food; participating in community activities; making informed decisions regarding finances; acquiring assets like land and machinery; building iron sheet- roofed houses; purchasing household items; resolving conflicts; and in accessing clean water and proper sanitation.

Table 4.32: Level of Socio-Economic Wellbeing of Rice Farmers after Joining MFI

Score range		Frequency	Percentage
Low	15-30	15	5.2
	31-45	30	10.3
Sub-total		45	15.5
High	46-60	111	38.3
	61-75	134	46.2
Sub-total		245	84.5
Grand Total		290	100

Findings in Table 4.32 depict that majority of the rice farmers (84.5%) recorded a high level of social and economic wellbeing after joining MFIs in Mwea. This finding means that MFIs influenced positively the socio-economic status of rice farmers in Mwea Irrigation Scheme. This finding concurs with Rogaly et al. (2009) who observed that in the modern society, micro-finance services are a useful tool for enhancing the socio-economic status of individuals and groups that are financially isolated in society. According to Otero (1999), the aim of Microfinance Institutions is not just to provide the poor with capital and to alleviate poverty at individual level but to play a socio-economic role at organizational level by creating institutions that can deliver efficient, affordable and timely services to the poor through a readily available formal banking sector. This can be said to be the reason behind the positive influence on socio-economic status of rice farmers in Mwea in that they can participating even in community activities after joining MFIs.

About 15.5% of rice farmers experienced low levels of social and economic wellbeing after joining MFIs. This experience can be explained by a finding in this study establishing that quite a substantial number of rice farmers (40.3%) were unable to comfortably repay loans taken from MFIs (see Table 4.23). The finding affirms Karlan (2001) argument for the third time that on its own, micro-credit could sometimes cripple a venture thus increase member's disempowerment through work burden and higher debt since credit by definition is a liability that has to be paid at all costs

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSION AND CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter entails a summary of the findings and the conclusions drawn from this study. The summary of findings is presented on the basis of the research questions. Recommendations drawn from the findings of this study and suggestions for further study are also presented in this chapter.

5.2 Summary of Findings

The purpose of the study was to establish the influence of microfinance institutions on socio-economic status of rice farmers in Mwea irrigation scheme. Out of the 309 respondents targeted as subjects for data collection, 290 were reached. This represented 93.8% of the sampled subjects. The response rate indicated that the findings obtained were valid to draw conclusions in a descriptive study such as this one.

5.2.1 What is the influence of savings mobilization on the socio-economic status of rice farmers in Mwea irrigation scheme?

Findings indicate that rice farmers used group saving as there were numerous groups among the rice farmers in Mwea Irrigation Scheme. The farmers' leaders reported that rice farmers preferred group savings because of the availability of numerous local groups within Mwea that were started by the farmers themselves and managed by MFIs. Farmers in Mwea are normally in groups of 10-15 members. The leaders also explained that merry go round type of saving was also substantial as a result of the many rice farmers' groups. Fixed deposit savings were done at MFIs. The findings of this study established that savings enabled rice farmers to start other income generating projects, to meet household expenses, to pay school fees and to qualify for a loan and hence buy inputs for a higher scale rice production.

5.2.2 To what extent do training services influence socio-economic status of rice farmers in Mwea irrigation scheme?

The findings of this study established that in Mwea, before enrolling the members into the group, financial literacy training also called pre-group training was provided to the member. While at the training, members were oriented about microfinance program, information on different loans and savings products and its features disseminated to them, rules and regulations they were to comply with as members of a microfinance. This study also established that not all rice farmers were members of MFIs at the time of study

The study determined that majority of rice farmers at Mwea Irrigation Scheme that accounted for 91.4%, benefited from training services offered by MFIs and they were able to plan and manage their finances, increase crop production, manage other income generating projects and were conversant with how to handle HIV pandemic, life problems and alcoholism. These findings translated into empowerment among rice farmers at Mwea Irrigation Scheme as a result of training services offered by MFIs, hence enabling them to acquire financial, business and life skills.

5.2.3 How do credit facilities influence on the socio-economic status of rice farmers in Mwea irrigation scheme?

Majority of the rice farmers in Mwea reported that they received credit facilities from MFIs. According to the farmers' leaders, in the case of Mwea, there were various types of loans offered by MFIs. Majority of the rice farmers (81.4%) recorded a high level of benefits from the loan services offered by MFIs in Mwea, and 18.6% reported low level of benefits. The rice farmers who benefited highly from MFIs credit facilities cited that they utilized the loans to increase their income and to improve their standards of living. Those who cited credit facilities as having low level benefits gave reasons such as that the loans had either no effect at all on their socio-economic status in that the loan crippled their farming business and left them in debts.

5.2.4 What is the influence of insurance services on socio-economic status of rice farmers in Mwea irrigation scheme?

This study established that a majority of 87.9% of the rice farmers in Mwea received insurance services from MFIs while 12.1% did not. Majority of the rice farmers (79.3%) recorded a high level of benefits from the insurance services offered by MFIs in Mwea, and 20.7% reported low level of benefits. The rice farmers who benefited highly from MFIs insurance facilities cited that they utilized the services to afford medical services, educate children, to continue farming even after death of a spouse and to continue farming because of crop compensation. Therefore, insurance services offered by MFIs in Mwea can be said to be influencing the socio-economic status of rice farmers positively. Those who said that they benefited lowly comprised partly of the rice farmers who never accessed insurance services at all.

5.3 Discussion

This study found that savings mobilization, training services, credit facilities and Insurance services had a positive influence on socio economic status of rice farmers in Mwea irrigation scheme. Savings mobilization enabled farmers to start other income generating projects, pay school fees, and qualify for loans. Training services offered to farmers empowered them hence were able to manage finances better. Credit facilities enabled farmers to increase level of income hence improved standards of living. Insurance services enabled farmers to afford medical care, afford school fees and enjoy compensation due to crop failure and loss of a spouse.

5.4 Conclusions

This study found out that with their constant saving in groups managed by MFIs, households and individual's farmers in Mwea had accumulated assets to pledge as collateral, self-insured themselves against major risks and self-financed their ventures. Adult literacy and business training programmes offered by MFIs facilitated farmers' access to better jobs and income-generating opportunities and influenced means of promoting modern farming. Credits facilities provided by MFIs created economic

strength that generated into social power, delivering the poor rice farmers out of poverty. Additionally, insurance services offered by MFIs in Mwea influenced the socio-economic status of rice farmers positively.

This study therefore concludes that in the modern society, micro-finance services are a useful tool for enhancing the socio-economic status of individuals and groups that are financially isolated in society. Micro-finance services offered to the low income earners and self employed groups such as the rice farmers of Mwea Irrigation Scheme, as well as the economically marginalized groups enhance their socio-economic status. Such services include savings, training, credits and insurance services offered by MFIs. Further, the findings of this study leads to a conclusion made by Karlan (2001) that on its own, micro-credit could sometimes cripple a venture leading to member's disempowerment through work burden and high debts since credit by definition is a liability to be paid by all means.

5.4 Recommendations

The following are recommendations resulting from this study:

1. Microfinance Institutions operating at Mwea Irrigation Scheme should venture into more training services to boost farmers' skills in farming and other income generating activities. This study has established that in some cases, some rice farmers in Mwea cited credit facilities from MFIs as having low levels of benefits by giving reasons such as that the loans had either no effect at all on their socio-economic status or that the loan crippled their farming business and left them in debts.
2. There is need for upcoming and other major MFIs in Kenya to extend their services to Mwea. This study established that there are about five MFIs in Mwea and one is yet to gain popularity. Additionally, Kenya Rural Enterprise program(K-REP), Family Finance and family finance have so far converted into full fledged commercial banks, whose main focus is on S.M.Es not the low income earners.
3. The MFIs operating in Mwea should collaborate with rice farmers to introduce more tailor-made services that lead would to mutual benefits. This study has

determined that when new players enter the market, clients begin choosing between services, this rise in demand increases product sophistication, and results into requests of tailor-made products. Crop insurance in Mwea was tailor-made to suit rice farmers.

5.5 Suggestions for Further Research

Further research should be done on the following areas:

- i. This study focused on the influence of credit facilities, insurance services, training and savings on the socio-economic status of rice farmers in Mwea Irrigation Scheme. Since microfinance institutions also offers money transfer services and social intermediation, a study determining the influence of the two on the socio-economic status of rice farmers is needed.
- ii. Review of literature highlighted that the Government of Kenya has collaborated with JICA to modernise agriculture in Mwea by providing machinery. There is need to conduct a study to determine the influence of the government intervention on the socio-economic status of rice farmers in Mwea Irrigation Scheme.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER

To Whom It May Concern

Through,

The Academic Registrar,

University of Nairobi,

Nairobi.

Date

RE: RESEARCH DATA COLLECTION

My name is Grace Wangui Munge, a student in the above named University undertaking a Master of Arts Degree in Project Planning and Management. As part of the course requirements, I am to conduct a research. The topic of study is *“influence of microfinance institutions on socio-economic status of rice farmers in Kenya: A case of Mwea Rice Farmers Kirinyaga County.”* I humbly request you to fill the attached questionnaires as honestly as you can.

The study is for academic purposes only and strict confidence will be accorded. Thank you in advance for your support and cooperation.

Yours faithfully,

Grace Wangui Munge

Researcher

Telephone: 0727764401

APPENDIX II: QUESTIONNAIRE FOR RICE FARMERS

Introduction

Your participation is voluntary. Read the questions keenly and answer accordingly. The questions will be filled by ticking (✓) appropriately.

Section A: General Information

Kindly, tick where appropriate to indicate your answer

1. Gender
 - Female
 - Male
2. Marital status
 - Single
 - Married
 - Widowed
 - Divorced
3. Age in years
 - 18-30 years
 - 31-40 years
 - 41- 50 years
 - Over 51 years
4. Education level
 - Primary
 - High school
 - College
 - University
 - Post graduate
5. Years of rice farming:
 - Less than one year
 - 1-5 years
 - 6-10 years
 - Over 10 years

6. Are you a member of a micro-finance institution (MFI)?
- Yes
- No
7. What is the number of micro-finance institutions ever joined?
- 1
- 2
- 3
- 4
8. Which area of the scheme do you come from?
- a. Tebere
- b. Mwea
- c. Thiba
- d. Wamumu
- e. Karaba

Section B: Savings Mobilization

9. What type of saving do you engage with?
- a. Merry go round
- b. Fixed deposit
- c. Group savings
- d. Do not save
10. How often do you save?
- a. Daily
- b. Weekly
- c. Monthly
- d. Do not save at all
11. What motivates you to save? Kindly, tick (√) in the box against the words that best describes your views after every statement.

Statement	Yes	No
a. In order to qualify for a loan		
b. To pay school fees		
c. To purchase household items		
d. To finance health care		

12. How did you spend your savings? Kindly, tick (√) in the box against the words that best describes your views after every statement. SA-Strongly agree, A-Agree, UD-Undecided, D-Disagree, SD-Strongly disagree.

Response	SA	A	UD	D	SD
As a collateral to a loan					
To pay school fees					
To purchase household items					
To buy medicines					

1. What was the benefit of savings? Kindly, tick (√) in the box against the words that best describes your views after every statement. SA-Strongly agree, A-Agree, UD-Undecided, D-Disagree, SD-Strongly disagree.

Response	SA	A	UD	D	SD
It enabled you to start other income generating projects					
It enabled you to meet household expenses					
It enabled you to pay school fees					
To buy medicines					
No benefit					

Section C: Training Services

2. Do MFIs offer training services to the members?
- a. Yes b. No

If yes in 15 above, is it adequate

- a. Yes
- b. No

3. What type of skills do you receive from the microfinance training?
- a. Financial management skills
 - b. Farming skills
 - c. Business management skills
 - d. Life skills

13. What benefits did you get from the training? Kindly, tick (√) in the box against the words that best describes your views after every statement. SA-Strongly agree, A-Agree, UD-Undecided, D-Disagree, SD-Strongly disagree.

Response	SA	A	UD	D	SD
It enabled me to plan and manage your finances					
It equipped me with skills to increase crop production					
It equipped me with skills on how to manage other income generating projects					
It equipped me with life skills on how to handle HIV, life problems and alcoholism					
It was not helpful at all					

Section D: Credit Facilities

14. Do you access loans from the micro-finance which you are a member?

- a. Yes
- b. No

15. What is the number of loans ever received?

- a. 0
- b. 1-3
- c. 4-6

- d. 7-9 []
- e. More than 9 []

16. What were the loan requirements from the MFI?

- a. Group members co-guarantee []
- b. Moveable and non-movable collateral []
- c. Group savings []

17. What time did it take to qualify for a loan in months?

- a. Less than 1 []
- b. 1-3 []
- c. 4-6 []
- d. 7-9 []
- e. More than 9 []

18. What are the reasons for taking a loan? Kindly, tick (√) in the box against the words that best describes your views after every statement.

Response	Yes	No
To purchase farm inputs and meet labour costs		
To start other income generating projects		
To pay school fees		
To improve living standards like building a better house, buying house hold items		

19. Can you comfortably service the loan?

- a. Yes []
- b. No []

20. How did you spend the loan money? Kindly, tick (√) in the box against the words that best describes your views after every statement.

Response	Yes	No
Paid school fees		

Started other income generating projects		
Bought farm inputs and paid labor costs		
Settled debts		

21. What was the benefit of the loan? Kindly, tick (√) in the box against the words that best describes your views after every statement.

Response	Never	Rarely	Sometimes	Often	Very Often
It increased my income					
It improved my standard of living					
There was no change at all					
Loan crippled my farming and left me in debts					

Section E: Insurance Services

22. Do you receive insurance services from the MFI?

- a. Yes []
- b. No []

23. How are the premiums paid?

- a. One off []
- b. Monthly []
- c. Yearly []

24. What insurance products do you receive

- a. Crop insurance []
- b. Health insurance []
- c. Education insurance []
- d. Credit life insurance []

25. Are farmers compensated after making claims?

a. Yes []

b. No []

26. What are the benefits of insurance services offered? Kindly, tick (√) in the box against the words that best describes your views after every statement. SA-Strongly agree, A–Agree, UD-Undecided, D-Disagree, SD-Strongly disagree.

Response	SA	A	UD	D	SD
Able to afford medical services					
Able to educate children					
Able to continue farming even after death of a spouse because the insurance					
Able to continue farming because of crop compensation					

Section F: Social and Economic Wellbeing of Rice Farmers

27. Before joining MFI, were you able to undertake the following? Kindly, tick (√) in the box against the words that best describes your views after every statement. SA-Strongly agree, A–Agree, UD-Undecided, D-Disagree, SD-Strongly disagree.

Response	Never	Rarely	Sometimes	Often	Very Often
Educate the children					
Afford health care					
Afford clothing and food					
Participate in community activities					
Make informed decisions regarding finances					

Acquire assets like land and machinery					
Build iron sheet- roofed house					
Purchase household items					
Resolve conflicts					
Access clean water and proper sanitation					

28. After joining MFI, were you able to undertake the following? Kindly, tick (√) in the box against the words that best describes your views after every statement. SA-Strongly agree, A–Agree, UD-Undecided, D-Disagree, SD-Strongly disagree.

Response	Never	Rarely	Sometimes	Often	Very Often
Educate the children					
Afford health care					
Afford clothing and food					
Participate in community activities					
Make informed decisions regarding finances					
Acquire assets like land and machinery					
Build iron sheet- roofed house					
Purchase household items					
Resolve conflicts					
Access clean water and proper sanitation					

APPENDIX III: INTERVIEW SCHEDULE FOR RICE FAMERS' LEADERS

(To be filled by the Researcher during Interview)

Section A: General Information

1. Gender
 - a. Female
 - b. Male
2. Marital status
 - a. Single
 - b. Married
 - c. Widowed
 - d. Divorced
3. Age in years
 - a. 18-30 years
 - b. 31-40 years
 - c. 41- 50 years
 - d. Over 51 years
4. Education level
 - a. Primary
 - b. High school
 - c. College
 - d. University
 - e. Post graduate
5. Years of rice farming:
 - a. Less than one year
 - b. 1-5 years
 - c. 6-10 years
 - d. Over 10 years
6. Are you a member of a micro-finance institution (MFI)?
 - a. Yes
 - b. No

7. What is the number of micro-finance institutions ever joined?

1

2

3

4

8. Which area of the scheme do you come from?

a. Tebere

b. Mwea

c. Thiba

d. Wamumu

e. Karaba

Section B: Savings Mobilization

9. What type of saving do the farmers you lead engage in?

a. Merry go round

b. Fixed deposit

c. Group savings

d. Do not save

10. How often do rice farmers save?

e. Daily

f. Weekly

g. Monthly

h. Do not save at all

11. What motivates the rice farmers to save?

Statement	SA	A	UD	D	SD
e. In order to qualify for a loan					
f. To pay school fees					
g. To purchase household items					
h. To finance health care					

12. How do the rice farmers spend their savings?

Response	SA	A	UD	D	SD
a. As a collateral to a loan					
b. To pay school fees					
c. To purchase household items					
d. To buy medicines					

4. What are the benefits of savings to rice farmers?

Response	SA	A	UD	D	SD
It enables them to start other income generating projects					
It enables them to meet household expenses					
It enables them to pay school fees					
It enables them to buy medicines					
No benefit					

Section C: Training Services

5. Do MFIs offer training services to the members?

b. Yes b. No

If yes in 15 above, is it adequate

c. Yes

d. No

6. What type of skills do farmers receive from the microfinance training?

e. Financial management skills

f. Farming skills

g. Business management skills

h. Life skills

7. Are there any benefits derived from training?

- a. Yes
- b. No

13. What benefits do farmers get from the training services from MFIs?

Response	SA	A	UD	D	SD
It enables them to plan and manage their finances					
It equips them with skills to increase crop production					
It equips them with skills on how to manage other income generating projects					
It equips them with life skills on how to handle HIV, life problems and alcoholism					
It is not helpful at all					

Section D: Credit Facilities

14. Do farmers access loans from the micro-finance which you are a member?

- c. Yes
- d. No

15. What is the number of loans ever received by you as a rice farmer?

- f. 0
- g. 1-3
- h. 4-6
- i. 7-9
- j. More than 9

16. What are the loan requirements from the MFI?

- a. Group members co-guarantee
- b. Moveable and non-movable collateral
- c. Group savings

17. What time does it take to qualify for a loan in months?

- f. Less than 1 []
- g. 1-3 []
- h. 4-6 []
- i. 7-9 []
- j. More than 9 []

18. What are the reasons for most farmers' taking a loan?

Response	Yes	No
To purchase farm inputs and meet labour costs		
To start other income generating projects		
To pay school fees		
To improve living standards like building a better house, buying house hold items		

19. Can rice farmers comfortably service the loans?

- c. Yes []
- d. No []

20. How did they spend the loan money?

Response	Yes	No
Paid school fees		
Started other income generating projects		
Bought farm inputs and paid labor costs		
Settled debts		

21. What are the benefits of the loans to rice farmers?

Response	Never	Rarely	Sometimes	Often	Very Often
It increased my income					
It improved my standard of living					
There was no change at all					
Loan crippled my farming and left me in debts					

Section E: Insurance Services

22. Do farmers receive insurance services from MFI?

c. Yes

d. No

23. How are the premiums paid?

d. One off

e. Monthly

f. Yearly

24. What insurance products do rice farmers receive

e. Crop insurance

f. Health insurance

g. Education insurance

h. Credit life insurance

25. Are farmers compensated after making claims?

c. Yes

d. No

26. Is there any benefit of insurance products provided?

a. Yes

b. No

27. What are the benefits of insurance services offered to rice farmers?

Response	SA	A	UD	D	SD
Able to afford medical services					
Able to educate children					
Able to continue farming even after death of a spouse because the insurance					
Able to continue farming because of crop compensation					

Section F: Social and Economic Wellbeing of Rice Farmers

28. Before rice farmers join MFI, are they able to undertake the following?

Response	Never	Rarely	Sometimes	Often	Very Often
Educate the children					
Afford health care					
Afford clothing and food					
Participate in community activities					
Make informed decisions regarding finances					
Acquire assets like land and machinery					
Build iron sheet- roofed house					
Purchase household items					
Resolve conflicts					
Access clean water and proper sanitation					

29. After rice farmers join MFI, are they able to undertake the following?

Response	Never	Rarely	Sometimes	Often	Very Often
Educate the children					
Afford health care					
Afford clothing and food					
Participate in community activities					
Make informed decisions regarding finances					
Acquire assets like land and machinery					
Build iron sheet- roofed house					
Purchase household items					
Resolve conflicts					
Access clean water and proper sanitation					