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MICRO-FINANCE NEEDS ASSESSMENT OF WOMEN VEGETABLE VENDORS AT THE NGARA HAWKERS MARKET IN NAIROBI

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DECLARATION

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Dedication

I dedicate this work to my late mother, **Esther Nduta Macharia**, who inculcated into me the qualities of a virtuous woman. She remains my role model. May her soul rest in eternal peace.

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ACRONYMS

BRAC	Bangladesh Rural Action Committee
CGAP	Consultative Group to Assist the Poorest
ESA	East and Southern Africa
GDP	Gross Domestic Product
GNP	Gross National Product
HYV	High Yielding Varieties
ILO	International Labour Office
IPU	Inter-Parliamentary Union
K-REP	Kenya Rural Enterprise Programme
MFI	Micro-Finance Institution
MDG	Millennium Development Goals
KWFT	Kenya Women's Finance Trust
NACP	National Aids Control Programme
NCC	Nairobi City Council
NGO	Non-governmental Organization
SADC	Southern Africa Development Community
SNA	System of National Accounts
UNESCO	United Nations Educational Scientific and Cultural Organization
UNDP	United Nations Development Programme
UNAIDS	United Nations Aids Programme
UNECA	United Nations Economic Commission for Africa
UN	United Nations
US$	United States Dollars

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The importance to economic development of the growth of small businesses began to be recognised by aid donors in the late 1970s (Dichter, 1999). Initially, attention focused on small businesses conceived as ongoing entities with a legal identity, a location, assets and employees. The development of these businesses was seen to depend on a combination of skills, technology, access to inputs and information, innovations in production processes and product differentiation, access to markets and finance for fixed assets and working capital, along with a sound policy and institutional environment.

During the 1980s, views towards lending to small businesses began to change on two interrelated fronts. The first change concerned the nature of the enterprises that was of primary importance to the poor. These were increasingly seen as micro-enterprises, usually owner-operated or using the labour only of family members, located in the informal economy, and with low entry requirements and rudimentary technology (Martin, Hulme and Rutherford, 1999). The second change concerned the importance of credit in nurturing these enterprises.

A minimalist view, according to which lack of access to credit was the key constraint to the development of the enterprises of the poor, came to the fore. In response, Non-Governmental Organizations (NGOs) primarily located in South Asia and Latin America developed techniques which enabled them to lend to poor micro-entrepreneurs at interest rates sufficient to cover a substantial part of their costs. These included taking the services to the clients, standardising products to increase efficiency, using collateral substitutes based on group dynamics, and creating incentives by increasing loan sizes based on repayment performance. Many NGOs attained repayment rates in the high 90% range, and some, primarily, but not solely based in Bangladesh, grew to reach hundreds of thousands and in some cases millions of clients. "The poor are bankable" was the watchword of these NGOs (Donaghue, 2004).

Donaghue (2004) also notes that The Grameen Bank of Bangladesh, the most prominent public face of microfinance, was a product of this movement. Since its foundation as an action experiment in 1976, the Grameen Bank has grown to an organisation that in July 2003 had over 2.8 million members, notably almost exclusively female, with loans outstanding approximately US$ 250 million, and savings totalling US$ 189 million. Grameen posted an on-time repayment rate for July 2003 of over 99%.

Various approaches to advancing micro-credit in Kenya include minimalist versus integrated approaches; group based lending versus lending to individuals; village banking; and linkage programs. Minimalist approaches and group-based lending have been very popular and much tried by leading NGOs in the field of micro-finance, like K-REP, Kenya Women's Finance Trust (KWFT) and Faulu Kenya. Minimalist approaches basically concentrate on the provision of loans, with some attention to training or technical assistance (Pederson and Kiiru, 1997).

Group-based lending schemes are based on the Grameen Bank method. This method has been designed and developed in Bangladesh with a view to deliver financial services to the poor, who have no access to formal banking services. Studies have shown that the poor, if provided with financial services, appropriate to their needs are willing to commit themselves. They can use small loans productively and are willing to pay even higher interest rates for their loans (Ondego K'Aol and Ochanda {undated}).

1.2 Statement of the Research Problem

According to the Consultative Group to Assist the Poorest [CGAP], (2003), through the 1980s and 1990s, micro-credit programs throughout the world improved upon the original methodologies developed by the minimalist approaches, especially the Grameen model and bucked conventional wisdom about financing the poor. First, the programs showed that poor people, especially women, had excellent repayment rates among the better programs. Indeed, the repayment rates were better than the formal financial sectors of most developing countries. Lending to poor people can be cost-effective and could contribute significantly to poverty alleviation so long as institutional follow-up measures are implemented, reasonable credit terms set, and there is an on-going attempt to learn and realistically address the problems confronting them (IFAD, 2003).

It has been established that microfinance has a positive impact on women's livelihood in various ways. For example, microfinance programs enable women to generate reasonable income that helps them to better perform their reproductive roles as brokers of the health, nutritional and educational status of their household members; increases women's employment in micro-enterprises; improves the productivity of women's income generating activities; and enhances self-confidence and status within the family (Inter-Parliamentary Union [IPU], 1998). Despite this awareness, women have been left behind in development process and are still subordinate to men. It is not well understood why this is so (Jana, 1995). However, some gender experts argue that, because work in the informal sector tends to use domestic skills that are undervalued and invisible, it is the least likely to transform gender relations and may even reinforce gender stratification (Grasmuck and Espinal, 2000).

Certain barriers in the business environment have a disproportionate effect on women entrepreneurs. One notable barrier is women's unequal access to property and land. Women lack collateral such as title to land, hence adoption of microfinance remains one of the most viable options for poor women in Kenya to access micro-credit (Iyadi, 2006). In Kenya, only 1% of land titles are owned by women, with 5 to 6% held in joint names (Kenya Land Alliance, (undated). Unequal access to land and property means that women are unable to secure loans for their businesses from mainstream financial institutions as these emphasize on collateral as a basis for lending.

Women in fresh produce micro-businesses are in an even worse situation. This is because they deal with perishable goods. The poor infrastructure of roads and other economic support units in Kenya adversely affects the state in which they receive their wares. Micro-Finance Institutions (MFIs), especially KWFT, which deals specifically with women micro-entrepreneurs, have not developed any known special products targeting women micro-entrepreneurs in the fresh produce businesses. It is thus the purpose of this study to determine the financial needs of women micro-entrepreneurs in the fresh vegetable vending industry.

1.3 Research Objectives

The objectives of the study were:

(a) To identify the financial needs of women vegetable vendors.

(b) To establish factors that influence women's ability to access microfinance.

1.4 Research Questions

a) What do women in vegetable vending business know about Microfinance?
b) How do these women raise their working capital?
c) What challenges do these women face?
d) Do the women vegetable vendors have the relevant skills required to run a business enterprise?

1.5 Hypothesis

a) Majority of women have no idea on the role of microfinance

b) Women in vegetable vending raise their working capital from merry-go-rounds
c) Majority of women in vegetable vending have inadequate skills to manage their businesses
d) Poverty is the most common challenge among the women vegetable vendors.

1.6 Justification of the Research/Rational of the Study

The issue of women's empowerment is found in goal number three of the Millennium Development Goals (MDGs). It is also a very topical subject today in the developing countries like Kenya. At the same time, there has been a renewed interest since the 1980s in entrepreneurship in general, and women's entrepreneurship in particular, in both the industrialised and developing countries.

Most studies on women and microfinance have been on the impact of microcredit or credit based microenterprises on women's empowerment in South Asia, particularly in Bangladesh, India and Pakistan, Schuler and Riley (1997). Malhotra et al (2002) made a review of 45 studies on women's empowerment in developing countries and found that 25 of them were on Asia, particularly India and Bangladesh, only 7 covered Africa and 4 were on Latin American countries. Therefore, a need assessment study would unravel what is happening among women entrepreneurs in Kenya specifically, and in Africa in general. The outcome of this study will pave way for development of attractive financial products by MFIs and improvement on the existing ones in order to meet the needs of the targeted women micro-entrepreneurs in vegetable vending and other related trades. The study will also assist policy makers to understand the problems that women micro entrepreneurs in the vegetable business face in their quest to access micro-credit. It will further serve as a guide in the formulation of interventions.

As for the women vegetable vendors, through this study, they will be able to communicate their financial needs to potential lenders such as Government, NGOs, MFIs and other potential donors. To the world of academic, this research study will open opportunity for other research areas. To financial institutions, it will assist to develop microfinance products, tailored for the women vegetable vendors.

1.7 Area of Study

Ngara Hawkers Market is situated in Parklands area north of the city near the Fig Tree Hotel. The market receives support from the NCC such as collection of garbage and provision of water and sanitation facilities. The fruits and vegetables businesses in the market are controlled by women, while men control shoes and second-hand clothes. The vegetables sold in the market include tomatoes, cabbages, kale, spinach, Irish potatoes, sweet potatoes, yams, arrow roots, peas among others, while fruits include watermelon, bananas, oranges, mangoes, tangerines, passion fruits, paw paws, pineapples among others. The vegetable vendors in this market buy vegetables with a quality emphasis. Their clients are middle and high class families with taste for quality food. They source produce from farmers, middlemen and from own farms. There are also those who deal with internationally sourced products for example apples, grapes and pears.

1.8 Scope of the Study

Microfinance, according to Otero (1999) is “the provision of financial services to low-income poor and very poor self-employed people”. Schreiner and Colombet (2001) define microfinance as “the attempt to improve access to small deposits and small loans for poor households neglected by banks.” Therefore, microfinance involves the provision of financial services such as savings, loans and insurance to poor people living in both urban and rural settings who are unable to obtain such services from the formal financial sector. According to the UNCDF (2004) there are approximately 10,000 MFIs in the world providing services to over 68million poor and low income people

On the other hand, poverty eradication has been a long term goal of national Governments and key international institutions such as the World Bank and United Nations seeking more effective ways of reaching the poor. The importance of microfinance as a targeted strategy for poverty eradication lies in its ability to reach the grassroots with financial services based more on a "bottom-up" as opposed to "top-down" approach. Within the "bottom-up" approach, NGOs have been a "favoured" institutional form for delivering these services.

As an innovative form of financial intermediation with the poor, microfinance is in effect "double tasked" to achieve specified developmental ends and goals through particular means such as group lending methodologies (Donaghue, 2004), through which the poor can borrow money and mutually assure their own progressive empowerment towards independent survival and self-management. With Bangladesh and South East Asia as early proving grounds it is hoped that microfinance would overcome the limitations inherent in more orthodox development programmes by being a more "joined up" initiative that is accountable to the poor themselves.

This research study assessed the micro-finance needs of women vegetable vendors in Ngara Hawkers Market for the purpose of developing microcredit products, appropriate for the women vegetable vendors in urban Kenya. Similar studies could be replicated in other African countries.

1.9 Limitations of the Study

The following factors influenced the outcome of the research findings:-

1. Businesses were affected by politically instigated violence after the 2007 general elections. Some of those who were in the process of accessing credits or had just been advanced credits were evicted from their homes, hence disrupting business operations. This has resulted to an increase in default rate as well as an increase of those seeking fresh loans.

2. A number of respondents lost their savings through the pyramid schemes which were popular means of investment during late last year. The owners of pyramid schemes approached them masquerading as MFIs. This contributed significantly to the suspicion observed from respondents.

3. Prior to this study, two other MFIs had conducted a similar survey in 2007 with a view to start Microfinance services but no action has been observed. This demoralized the respondent.

1.1.1 Assumptions of the Study

The study was based on the following assumptions:

a) Men vegetable vendors would not feel discriminated and interfere with the research study.

b) Women would be available and willing to participate effectively during the research period.

1.1.2 Definition of Key Terms

Microfinance

Microfinance refers to banking and/or financial services targeted to low-and-moderate income businesses or households, including the provision of credit.

Micro-entrepreneur

Micro-entrepreneur refers to the owner or proprietor of a microenterprise.

Microcredit

Microcredit is part of the field of microfinance. Microcredit is the provision of credit services to low-income entrepreneurs. Microcredit can also refer to the actual microloan.

Microenterprise

Micro-enterprise is a small-scale business in the informal sector. Microenterprises often employ less than 5 people and can be based out of the home. Microenterprise is often the sole source of family income but can also act as a supplement to other forms of income. Examples of microenterprises include small retail kiosks, sewing workshops, carpentry shops and market stalls.

Microfinance Institution (MFI)

A financial institution - can be a non-profit organization, regulated financial institution or commercial bank - that provides microfinance products and services to low-income clients.

Collateral

Asset pledged by a borrower to secure a loan, which can be repossessed in the case of default. In a microfinance context, collateral can vary from fixed assets (a car, a sewing machine) to cross-guarantees from peers.

Credit Rating

Credit rating is usually used to determine a bank or financial institution's credit risk, a credit rating is an evaluation of an individual's or company's ability to repay obligations or its likelihood of not defaulting.

Disbursement

Disbursement is the actual transfer of financial resources. The disbursement of a microloan reflects the transfer of the loan amount from the lending institution to the borrower.

Group Lending

Lending mechanism which allows a group of individuals - often called a solidarity group - to provide collateral or loan guarantee through a group repayment pledge. The incentive to repay the loan is based on peer pressure - if one group member defaults, the other group members make up the payment amount.

Informal Sector/ Economy

A subset of the economy consisting of self-owned enterprises and the enterprises of informal employers, in both urban and rural areas. The businesses of the informal sector are not registered with any taxation or regulatory bodies. The main features of the informal sector are ease of entry, self-employment, small-scale production, labour-intensive work, lack of access to organized markets, and lack of access to traditional forms of credit.

Merry-go-round

A saving and credit schemes practised by majority women in Kenya to enhance their financial independence

Client Graduation

Client graduation means microenterprise growth to medium-size enterprises and financial self-sustainability. It also means the dynamics of microenterprise change of time (all terms are sourced from *ACCION International, (2007). Glossary of Microfinance Related Terms).*

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter reviews literature in relation to the objectives of the research. An overview of the importance of the women's participation in the informal sector for economic growth and the key entrepreneurial activities undertaken by women micro-entrepreneurs is first given. The review then looks at financial needs of poor women micro-investors and the factors that influence their ability to access micro-financing.

2.2 The Importance of Women's Informal Sector Involvement to the Economies of East and Southern Africa

The informal sector in East and Southern Africa (ESA) is becoming increasingly relevant to the needs of the national economies. According to ILO (1991), as the formal sector shrinks due to its lack of competitiveness globally and lack of productivity nationally, people resort to undertaking their economic transactions and activities in the informal sector. The term "informal sector" originates from the International Labour Office and has been used to cover a multitude of characteristics that are specific to the urban "non-modern sector" of developing economies. It hence covers that part of small-scale income-generating activities which take place outside the official regulatory framework and typically utilise a low level of capital, technology, and skills, while providing low incomes and unstable employment (International Labour Office [ILO], 1991).

In many African countries, a large number of women report that their first job in recent years was in the informal sector. There are a number of reasons why informal sector employment is appealing to women. The sector provides flexibility in participation that many women seek; they can withdraw temporarily if they wish to (for example during pregnancy), and they can also combine household responsibilities (Roberts, 1991). Therefore evidence suggests that the non-agricultural informal sector employs about 25% of the female labour force in Africa, mainly in petty trading and home-based processing and manufacturing (Manuh, 1998).

African women perform about 90% of the work of processing food crops and providing household water and fuel wood, 80% of the work of food storage and transport from farm to village, 90% of the work of hoeing and weeding, and 60% of harvesting and marketing tasks (Quisumbing, Haddad, Meinzen-Dick and Brown 1998).

The majority of self-employed women engage in small businesses because they feel responsible for providing the subsistence needs of children and others in the family. De Bruyn (1992) observes that in Kenya, 85% of married women traders have responsibility for the provision of food; 78% for clothing; 35% for house rent; and 25% for school fees. Similar findings exist for unmarried women too (Kuiper, 1991). In Arusha and Moshi (Tanzania), in 1987, 52% of informal women traders use their profit to pay school fees (Omari, 1989). Female informal sector employment in manufacturing and construction industry is low in East and Southern Africa (ESA). Women are predominantly engaged in the provision of services in the informal sector of Kenya and South Africa and Zambia. In Eritrea, 63% of women are involved in low-skill, low-paying sectors such as trade, hotel and restaurants, employed as domestic servants or self-employed in small scale manufacturing (Arneberg, 1999).

The importance of women's contribution to household income varies in ESA. In South Africa, 29.3% of women heads of households contribute more than 50% of the household income, compared with 44.3% of male household heads (Rogerson, 1997). However, among women heads of households and working in the informal sector, the proportion of principal earners tends to be larger. Among women petty traders, 65% are either chief earner within the household or share responsibility with men for family well-being.

2.3 The Nature of Women's Entrepreneurial Activities in Africa

The entrepreneurial activities of majority of women are linked to or are extensions of the domestic realm. Women are involved in selling prepared foods, agricultural products, crafts, clothing, cosmetics and small household furnishings (Robertson, 1997). Small-scale women traders are involved in supplying much of the food to people in large cities such as Nairobi, Kampala, Dar-es-salaam among others as well as in provisioning their local village and household units (Robertson 1997; Spring and McDade, 1998). There is a link, although not a perfect relationship, between working in the informal economy and being poor. This stems from the lack of labour legislation and social protection covering workers in this economy, and from the fact that informal economy workers earn, on average, less than workers in the formal economy (ILO, 2005).

Available data show that more men than women are in the more lucrative positions and enterprises, especially in the formal sector as owners and managers of large firms and small industries, whilst many women tend to be in the smallest, informal sector of micro-enterprises, petty trading segments of agricultural marketing etc. Women traders tend to have small scale operations (Chen, 2000). As a result, women's incomes in the informal sector economy are lower than those of men. Women mostly deal in perishable items, with high levels of competition and rates of wastage, often barely able to generate enough revenue to buy new stock and often buying on credit from suppliers on highly unfavourable terms.

In Zambia in 1986, 62% of all female income was from the informal sector (Urdaneta-Ferran, 1998). About 70% of workers in the informal economy of South Africa are women (Jefferies, 1995). They work mainly in the personal service sector.

About 75% in Zimbabwe earned US$ 20 per month or less from the informal economy (Matangadura, 2001). Unfortunately the majority of women's businesses never grow (Daniels, 1992). They either fail completely or remain at the initial stage of occasional street vending. Mead (1994) found that in Botswana, Kenya, Malawi, Swaziland and Zimbabwe most enterprises that start with 1–4 workers never expanded further; and less than 1% employ ten workers.

2.4 Financial Needs of Poor Women Micro-Entrepreneurs

One definition of microfinance is the provision of a broad range of financial services such as deposits, loans, payments services, money transfers and insurance to the poor and low income households and their farm or non-farm micro-enterprises (Charitonenko and Campion, 2003). Microfinance Institutions (MFIs) include banks, co-operatives, and credit unions, NGOs or Non-Bank Financial Intermediaries (NBFIs). MFIs services include: credit services (allocating small loans against collateral substitutes e.g. group guarantees or compulsory savings); deposit services; insurance products, including insurance against loan default due to misadventure; and financial advisory services (Hassan, 2002).

A main goal of many MFIs, especially rural institutions is to provide sustainable micro-finance facilities to poor women entrepreneurs to facilitate income generation and reduce poverty (Baumann, 2005). Poverty among women micro-entrepreneurs is as a result of low economic growth, high population growth, cultural and social marginalization and unequal distribution of resources. Eradicating poverty that results from unemployment requires creating jobs, while poverty due to low productivity and low income requires investing in human and physical capital (Khandker, 1998). Microfinance increases rural income generation through agriculture that contributes to household income and enhances food security, women's empowerment and self-confidence, as well as children's education.

As Ximiya (2000) points out that, rural people have an affinity to save their financial benefits by keeping livestock (cattle, goats, sheep, etc) and poor people have an affinity to save their benefits, partly because of the hopelessness of their situation, to provide for the future. Old people, on the other hand, save because of a reduced need for spending, while women save to provide for their families.

Khandker (1998) also argues that participation in microfinance programs is funding the construction of new homes, further education for children, creating new savings and new businesses. Microfinance programs could benefit a country's overall society by overcoming the liquidity and unemployment problems associated with highly imperfect credit markets. The social benefits could far exceed the social costs of implementing these programs, even when these programs are not sustainable without government or donor support.

Poor people prefer to work in groups for financial gain, e.g. access to credit, as well as social reasons, e.g. training. Also organizational inputs and repayment rates are more favourable in group lending schemes because of homogeneous groups and peer pressure. Group lending has been found to offer some "unusual" advantages. For example, Berenbach and Guzman (1993) argue that group lending provides pecuniary returns; especially to women i.e. group credit gives women self-esteem, mutual trust, empowerment etc.

Ahmed (1997) claims that MFIs may not help the poor to become self-sustainable. Ahmed claims that the resulting increase in supply of output due to increased input from micro-credit causes the rate of return on loans to be lower than the cost of borrowing. With repeat loans, the net-income per unit of credit decreases. Borrowers often take loans from other sources to pay instalments. As a result, the microfinance loan places the borrower in perpetual debt.

Wahid (1994) observe that the loan recovery rates with "graduated borrowers" (those who are engaged in taking second or more loans) is relatively lower than with new borrowers. To explain this Wahid makes the point that in many cases the "graduated borrowers" will have successfully lifted themselves above the poverty line but the lack of innovative funding that enables them to move on to more appealing economic activity lacks, hence a sense of disillusionment and subsequent under performance.

The impact of micro-lending on the recipient household's income tends to increase, though at decreasing rates, as the recipient's income and asset position improves. This is explained by the greater preference of the poor for consumption loans, their greater vulnerability to asset sales forced by adverse income shocks and their limited range of investment opportunities. Lenders, they argue, can either focus their lending on the poorest and accept a relatively low total impact on household income, or alternatively focus on the not so poor and achieve higher impact (Hulme and Mosely, 1998).

Ebdon (1995) found in the case of the Grameen Bank that most women would simply be given the money by their household to cover the weekly repayments and hence their economic status did not improve. Karim and Osada (1998) found that of those members who dropped out of Grameen Bank groups within their seventh year of membership, 88% did not move out of poverty. Similarly, an ILO (2005) study found out that women in Kenya who make beyond the micro-enterprise threshold of more than 5 employees are perceived as a category that can be able to stand on its own but that they often lack sufficient working capital to prepare for a growth in demand, and are unable to fulfil large orders due to the lack of sufficient working capital to finance raw materials.

There is the need to provide credit to those women who are trying to pursue growth objectives-lower interest loans to meet their capital investment and working capital requirements. Poor women micro-entrepreneurs in urban areas lack access to business skills training. This would involve prudent financial management, record keeping and business growth. They have limited opportunities to acquire formal sector management skills; have difficulty in finding working-space; and acquiring up to date technology. Other needs identified by ILO (2005) include the need for business development service providers, security of tenure, access to reliable market data and trade-related information among others.

In Bangladesh, Khandker and Chowdhury (1996) hold the relatively positive view that, for the targeted credit programs, it will take, on average, about 5 years for poor programme participants to rise above the poverty line and 8 years to be financially independent. Montgomery et al. (1996).however, found little evidence that Bangladesh Rural Action Committee (BRAC) clientele are altering their structural position within the rural economy, hence their conclusion, that credit may be insufficient and inappropriate for reducing or eradicating extreme poverty.

On the positive side, microfinance interventions have been able to reduce the risks faced by poor households and could also be applied to reduce the impact of natural disasters. In India, Kumar and Newport (2005) observe an important attribute of microfinance in its ability to help households diversify their income sources. Microfinance programs can diversify income in various ways by fostering different types of jobs and capital, generating regular employment throughout the year and providing livelihood opportunities for women to earn money.

Kumar and Newport (2005) also point out that microfinance helps to increase a household's income-earning and asset-building opportunities (often giving women a fuller economic role) and those opportunities help to make households less reliant on a single asset type and consequently able to deal with disasters. In the face of a natural disaster, the value of having a diverse range of jobs (income) depends on the nature of the event. If microfinance is used for non-agricultural activities and a drought occurs then those activities will not be directly affected. But if a flood occurs it will destroy housing and other assets, as well as disrupt markets.

In Indonesia, Grameen Bank members, who are small-scale farmers, are now allocating a higher percentage of their land for the cultivation of High Yielding Varieties (HYV) and have improved their agricultural productivity. Growing HYV is costly, requiring the installation of irrigation systems, fertilizers and pesticide inputs, which would be hard without the availability of credit. Also, Grameen Bank members have shown a significant increase in per capita income. In comparison to other contemporary credit programs, for example Swanirbhar Bangladesh (SB), Grameen Bank members showed an increase of 62%. Comparing the effect on women's per capita income alone, Grameen Bank members lead the pack with a return of 737% (Hassan, 2002).

Hassan (2002) further observes that in addition to an increase in per capita income, Grameen Bank members have also shown a significant improvement in housing. Many Grameen Bank housing borrowers were actually building larger houses than what was specified by the bank. In order to do so the borrowers were using additional resources from their previous savings and or working capital. The diet of Grameen Bank members is also significantly better than for non-members. Also, there is evidence that Grameen Bank members not only have more food to eat, but also benefit from higher quality food. Grameen Bank members eat less cereal, more vegetables, more meat and eggs. They also eat more sugar candy, obviously not a healthy food, but evidence of increased discretionary spending (Hassan, 2002).

Mayoux (2006) argues that sustainable micro-finance empowers women because they, as a group, are consistently better in promptness and reliability of repayment of credit. Targeting women as clients of micro-credit programs has also been a very effective method of ensuring that the benefits of increased income accrue to the general welfare of the family and particularly, to the education of girls in rural

Africa. At the same time, women themselves benefit from the higher status they achieve when they are able to provide new income. The reason for targeting women lies in the higher levels of female poverty and women's responsibility for the households well being (Mayoux, 2006).

There is also the added advantage that targeting women goes a long way towards achieving both gender equality and human rights. Women's control over decision-making is also seen as benefiting men through preventing leakage of household income to unproductive and harmful uses such as beer drinking in the case of rural Africa. Other welfare interventions are advocated in addition to micro-finance, typically nutrition, and health and literacy campaigns to further decrease vulnerability and improve women's skills (Mayoux, 2000).

Finally, entrepreneurial training organized by MFIs that include awareness seminars, entrepreneurship development programs, working capital management workshops, customer relation seminars, record management workshops, marketing seminars, technical training workshops, industrial visits and book-keeping workshops are now generally seen as a strategy to speed-up the pace of industrial development in the developing countries. The methods used in these training programs include interactive lectures, discussions, case studies, group work, role-plays and practical exercises (Bhasin and Akpalu, 2001).

2.5 Factors that Influence Women's ability to Access Microfinance

Per capita incomes of many African countries are small. In 2000, South Africa's Gross National Product (GNP) of US$ 130 billion was exactly equal to the combined GNP of 46 of the 47 (minus Nigeria) sub-Saharan African countries Social indicators reflect the extent of poverty across the continent. With 47% of the world population in poverty (less than $2 a day) and 20% in extreme poverty (less than $1 a day), poverty remains a huge unresolved problem at a world scale (World Bank, 2001).

The extent and the reasons for poverty differ from country to country and there is no one single solution for overcoming poverty.

Most of the poor in East and Southern Africa (ESA) are women, in a statistical sense. At the 4th World Conference on Women in Beijing in 1995, the United Nations suggested that "poverty has a woman's face", and that 70% of the world's poor are women (United Nations Development Programme [UNDP], 1995). The United Nations Regional Human Development Report for the Southern Africa Development Community (SADC) argues that women in the region suffer from disproportionate levels of poverty compared with men (UNDP, 2000). This finding becomes more important when linked with an understanding of the proportion of households headed by women across the region, and of the difference between rural and urban areas.

Up to a fifth of urban households in Tanzania and an average of between 33-40% in Botswana are headed by women (Jefferies, 1997). In South Africa, the poverty rate of female-headed households is 60.3%, compared with 31.3% for male-headed households. In Southern Africa, female-headed households are relatively more important as family care-givers in rural areas because men from Malawi, Lesotho, Swaziland, and Botswana migrate to work in South African mines.

The following are some of the underlying causes of poverty and by implication, inability to access finance, among women in ESA. Women's lack of access to education is caused by and also causes poverty. In general terms, African women have less education than men, and are thus poorly qualified for formal sector jobs. Among 15 to 24 year olds, the female to male literacy ratio in ESA was 0.89 in 2002. In Kenya, women make up about 70% of the illiterate population (United Nations Educational Scientific and Cultural Organization [UNESCO], 2003).

In Africa, one out of five children dies before the age of five if the mother has no education. Poverty is both a cause and an effect of insufficient access to or completion of quality education. Women from poor households often have larger families whereas educated women have fewer and healthier children. Children of poor families are less likely to enrol in schools and to complete schooling because of the associated costs of attending school. In itself, dropping out of school because of poverty virtually guarantees perpetuation of the poverty cycle.

High unemployment is another cause of poverty among women. Unemployment has been increasing in ESA. In Namibia it rose from 19% in 1991 to 34.8% in 1997, in South Africa from 22.9% to 30.5% between 1997 and 2002 (Statistics South Africa 2002). Unemployment is higher among women. In September 2002, 26.8% of men were unemployed in South Africa, as against 34.7% among women in general and 41.2% among African women. Kenyan women are more likely to be unemployed than men and even when they are employed; they earn less than men on average (UNDP, 2002). While unemployment in Kenya in the late 1990s averaged about 25% for the urban areas, female unemployment was 38% (Manda 2002).

Having access rights to land and other land based resources is a crucial factor in determining how people will ensure their basic livelihood. The vast majority of the population in Africa relies on land and land-based resources for its livelihood. Women's rights to arable land are weaker than those of men and vary with time and location, social group (ethnicity, class and age), the nature of the land involved, the functions they fulfil, and the legal systems applicable at the local level. With increasing scarcity of land and water resources, even in those societies where some women enjoy use rights to land owned by husbands or sons, these have been eroded. This hampers women's efforts to access finances. Data from many countries indicate the near absence of women from land registers: in general fewer than 10% of those who obtained land certificates were women (Shimwaayi and Blackden, 2001).

Lack of access to capital/financial services increases the risk of being poor. Available data suggest that the poor in general have little access to finance. Typical women entrepreneurs cannot obtain bank loans but must raise their own capital, often by "begging" funds from spouses and relatives. Women's World Banking estimates that fewer than 2% of low-income entrepreneurs have access to financial services. Recent studies in Botswana and the region (Grosh and Somolekae, 1996) show that the majority of women have no access to financial services. This is especially a problem for women's businesses as the "financial needs of families are often not separate from the financial needs of women-owned enterprises themselves" (Rhyne and Otero, 1992).

In Southern Africa, in general, financial service legislation is based on the patriarchal system, which treats women as minors and at best as housewives. For example, women married in community of property do not qualify for loans from commercial banks unless their husbands authorize the bank to process their loan application. In Africa, women receive less than 10% of the credit to small farmers and 1% of the total credit to agriculture. In Kenya, only 3% of female compared with 14% of male farmers surveyed had obtained credit from a commercial bank. In Tanzania, only 4% of women entrepreneurs surveyed secured their capital through formal financial institutions (Tundui, 2002).

Women face gender-specific barriers in accessing financial services, including lack of collateral (usually land); low levels of literacy, numeracy and education; and they require convenience of locations (Bolnick, 1992). As a result, women form the largest percentage of those reached by microfinance. Even then, they receive very small loans, and in aggregate the fewer men reached by microfinance receive a higher proportion of loans than the many women put together. If Zambian women enjoyed the same overall degree of capital investment in agricultural inputs, including land, as their male counterparts, output could increase by up to 15% (Blackden and Bhanu, 1999).

Nature of women's access to and participation in the labour force is another factor. Men and women have different access to paid labour. Family labour, including that of women, is often controlled by husbands. Labour scarcity limits women's farming activity. The presence of women in production in ESA is still invisible or overlooked. For example, national development indicators such as Gross National Product (GNP) and Gross Domestic Product (GDP) do not incorporate most of women's economic activities. When millions of African women undertake family care activities and supplement household income through small-holder agricultural production and trade, these are not reflected in employment data.

As a result, they are not included in the economic development planning process. Labour remuneration also differs along gender lines. The total income share received by men is sometimes more than twice the share received by women. As a result, dependants of female-headed households live in poverty. Poor health, HIV/AIDS affection and infection are other contributory factors. Many households are water insecure in the region. In order to meet household water needs, women and children make several trips, lasting hours, to water collection points. In some mountainous regions of East Africa, women spend up to 27% of their caloric intake in fetching water (Lewis, 1994).

De Bruyn (1992) observes that the HIV/AIDS pandemic represents a significant, and worsening, health, economic and social issue for sub-Saharan Africa. Studies point to complex inter-linkages between poverty, inequality, (and, in particular, gender inequality) and the AIDS epidemic (World Bank, 1997). Sub-Saharan Africa was home to 29.4 million people living with HIV in 2002. In four Southern African countries, national adult HIV prevalence has risen higher than hitherto envisaged: Botswana (38.8%), Lesotho (31%), Swaziland (33.4%) and Zimbabwe (33.7%). Southern Africa alone is home to about 30% of people living with HIV and AIDS worldwide.

Women under 25 years of age represent the fastest-growing group of AIDS sufferers in sub-Saharan Africa, accounting for nearly 30% of all female AIDS cases in the region. Data for many countries indicate that HIV prevalence is twice as high among women aged 15–24 as among men of the same age. Women's vulnerability to HIV/AIDS increases because of unstable employment status, which depends on labour intensive activities, lower incomes, minimal access to formal social security, and minimal entitlements to or ownership of assets and savings. They are physiologically at high risk of being infected by HIV/AIDS. The risk of HIV infection is twenty times higher for women than men during unprotected intercourse because of the larger surface areas exposed to contact (National Aids Control Programme [NACP], 1998).

Poverty has pushed increasing numbers of women into sex work, in which HIV infection rates are as high as 50% with countries such as Ethiopia, Zambia and South Africa reporting 74%, 69%, and 50.5% respectively (United Nations Aids Programme [UNAIDS], 2004). Young girls are at great risk due to traditional practices, sexual abuse, forced marriage, prostitution and the myth that infected men can be cured by having sex with a virgin. Sexual harassment of school girls also contributes to the spread of the disease. Women have the added risk of passing on the disease to their unborn babies. Women and girls often have to care for the growing number of AIDS orphans.

Most women who are HIV positive are poor; they are usually rejected by their husbands and families at a later stage, and therefore cannot afford anti-retroviral medicine. A number of commonly observed traditional practices in Eastern Africa are now recognised as being directly responsible for the spread of HIV/AIDS. Widow inheritance, widow "cleansing", wife sharing, wife exchanging with land or cattle and polygamy are some of the key ones, which are stacked against women's health because the parties involved do not test for HIV. As a result, up to 80% of infections among women occur in stable relationships in Kenya.

Poor health conditions limit people's capacity to produce and earn, poverty makes people vulnerable to exploitation of their labour and environmental resources, poverty and poor heath provision lead to increased family size, which increases poverty and environmental pressures. There are also gender differentials in time allocation. Analysis of time allocation by gender captures the inter-dependence between the "market" and the "household" economies. Women tend to work longer hours than men, and women's combined paid and unpaid labour time is greater than men's (UNESCO, 2005).

Much of women's productive work is unrecorded. For example, it is estimated that nearly 60% of female activities in Kenya are not captured by the System of National Accounts (SNA), compared with only 24% of male activities. Children are closely integrated into household production systems, and the patterns that disadvantage girls begin very early. Time constraints are a major limiting factor for poor women, who cannot afford to hire labour, and are occupied with meeting immediate survival needs. Some studies suggest that discrepancies in time use between men and women were particularly marked at the subsistence level. In Tanzania, reducing the time burdens of women could increase household cash incomes for smallholder coffee and banana growers by 10%, labour productivity by 15% and capital productivity by 44% (Blackden and Bhanu 1999).

Women's participation and representation in high-level decision making processes is another factor that affects their ability to access finances. Gender barriers in the region limit women's participation in governance and decision making, and hence reinforce power gaps. Women in sub-Saharan Africa comprise a low percentage (about 14%) of local and national legislatures and have low representation in national cabinets. Many national cabinets in sub-Saharan Africa have no women at all. Out of 122 countries for which the Inter-Parliamentary Union has statistics up to 20 September 2002, Kenya ranked 109th, with 3.6% of parliamentarians being women. In Southern Africa, female representation in parliament as well as in cabinet is also low for Lesotho,

In ESA, some little progress is being recorded in terms of gender representation in decision making. Ethiopia, Rwanda, Lesotho, and Uganda have enacted laws and instituted policies and plans to enhance women's participation in decision-making process (United Nations Economic Commission for Africa [UNECA], (2004). In Kenya, women accounted for 8.1% of high court judges and 23% of chief magistrates in 1992, while in Zambia, women were 11% of the judiciary and 20% of magistrates in 1993. In Uganda, women comprised 17% of judges and 23% of chief magistrates in 1994. In the public service, women's representation at the highest levels of decision-making was 4.6% in Kenya in 1992.

Despite the presence of some women in judicial, parliamentary and ministerial organs of government, their low numbers hamper their effectiveness in initiating change for women. Where women are represented in politics in significant numbers and work in enabling environments, evidence suggests that they make a marked difference to governance (Lowe-Morna, 2003). Cultural practices in relation to poverty among women in Africa are the next set of factors. Scholars have argued that patriarchy or male oriented ideologies often prevent adequate recognition of female contributions, and, in some instances, limit women's participation Such include the possession of property. As seen before, lack of property inhibits women's access to finance as they then do not have the required collateral.

Armed conflict and other forms of political strife which affect about one fifth of Africa's population have been major underlying factors in causing poverty and hunger in several Southern African nations. Their disruptive nature will also affect business activity. Conflict impacts most on the vulnerable groups, the elderly, children and women. In conflict situations, women commonly get left to support families on their own while they are also faced with threats to their health and safety. Wars have had devastating effects on civilians, especially women and children, who constitute 80% of refugees. They also have experienced a shocking increase in the use of sexual violence as a weapon of war (Lowe, 2000).

Urbanisation and family dislocation too are factors that may affect women's access to microfinance. The poorest urban dwellers inhabit unplanned settlements, squatter camps or shanty towns with inadequate infrastructure and services, where they are exposed to industrial hazards and pollution. The majority of the urban population e.g., 65% in Dar-es- Salaam (Mosha, 1990), 67% in Blantyre live in squatter settlements. Due to the stress associated with urban life, divorce in the urban areas is higher than in rural areas Even if divorce is sought as an escape from cruelty, this presents particular problems for women that could lead to impoverishment, since unlike men, women gain access to many resources through marriage, including a larger financial base.

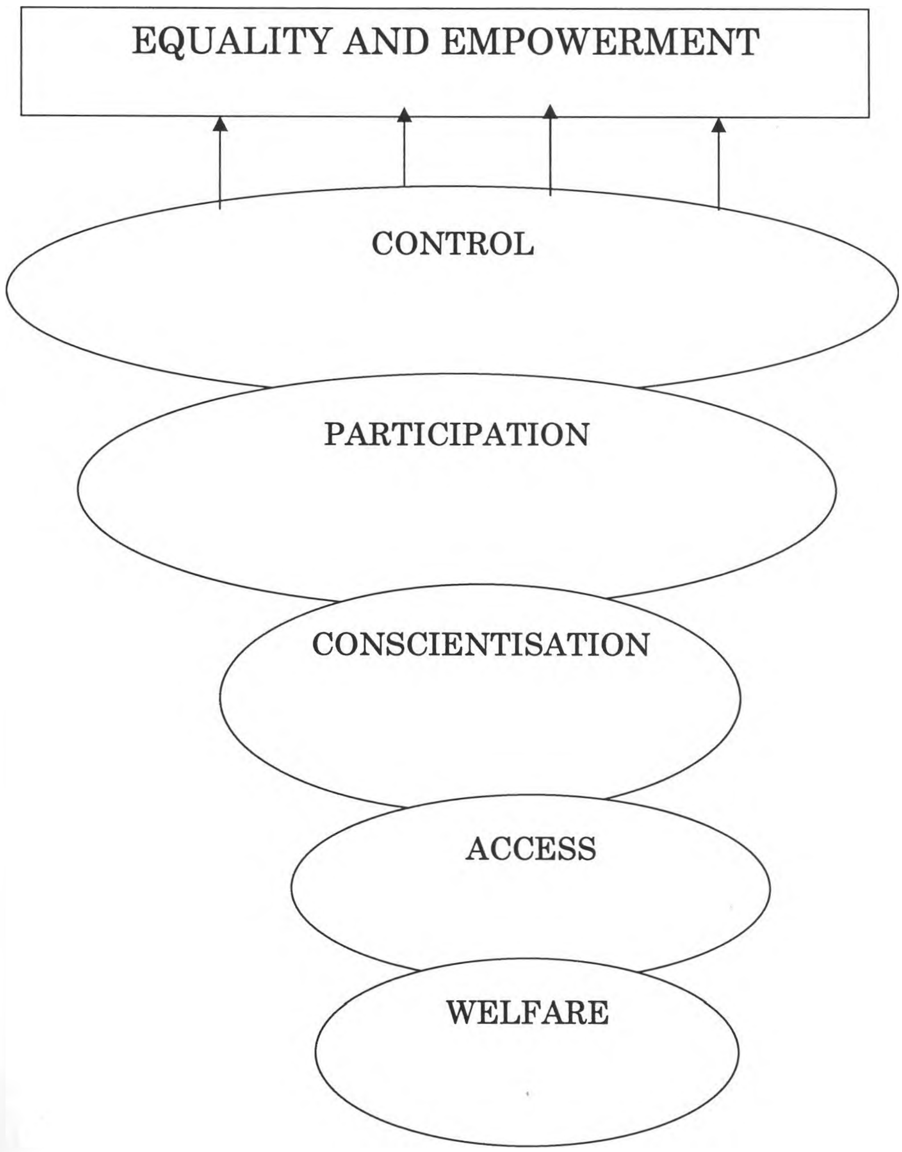
2.6 Theoretical Framework

The whole project is based on Longwe's theoretical framework of Women's Equality and Empowerment (UNDP, 2000). Women's empowerment is defined as "enabling women to take an equal place with men and to participate equally with men in the development process in order to achieve control over the factors of production on equal basis with men". The Longwe theoretical framework introduces the concept of five levels of equality by which to assess the levels of women's empowerment in any area of economic and social development, namely: control, participation, conscientisation, access and welfare. Empowerment theory focuses on increasing women's control over the choices in their lives. It seeks to increase women's self-reliance and self confidence so that they become more active players in the society. Through increased control over crucial material and non-material resources, women are then expected to take steps to influence the direction of social and economic change (Ostergaard, 1992).

Empowerment theory recognizes the triple role of women and views the world of women's organizations and like-minded groups as a key element of change (Ostergaard, 1992). It champions the use of 'bottom-up' approach to raise women's consciousness so that they can challenge their status in society. It works on practical gender needs to build a support base in order to address strategic gender needs.

This study take the view that providing poor women micro entrepreneurs selling vegetables with micro-credit would motivate them to work and seek to raise their standing in society. The fruits of their work would help them meet their practical and strategic gender needs. Microfinance projects whose goal is poverty eradication contribute to these aspirations through providing opportunities for development.

FIGURE 1: SARA LONGWE'S WOMEN EQUALITY AND EMPOWERMENT FRAMEWORK (UNDP, 2000)



CHAPTER THREE

METHODOLOGY

3.1 Research Design

This study adopted exploratory research design, using a case study. According to Mugenda and Mugenda (1999), a case study is an in-depth examination of an institution. Owing to its focus on detail, this style of study was able to give an in-depth insight into micro-financing issues as they affect women vegetable vendors at the Ngara Hawkers market.

3.2 Target Population

The population of this study was made up of women vegetable vendors at the Ngara Hawkers Market. These women sell cereals, root crops, fruits and fresh vegetables and other farm produce that falls into the category defined by "vegetable". They are not legally registered and do not pay operation and business taxes to the Government. Their characteristics conform to roadside sellers.

3.3 Sample and Sampling Design

The study used systematic sampling design. Systematic sampling is amenable for use with large populations or when large samples are to be selected. The method involved acquiring the list of all the vendors in the sampling frame. This list was availed by the population representative (Chairman) with assistance from one of my vegetable suppliers. The list was not sex disaggregated and therefore the process involved singling out names of women indicated as dealing with vegetables, fruits and cereals. Some names of women vendors did not indicate the wares they dealt with. However, during the survey, those found to be dealing with catering services (hotel) were eliminated and replaced by those in vegetable related products. It is important to mention that even though cereals did not fit the characteristics of wares defined in this study as vegetables and root crops, investigations showed that same women were also dealing with green maize, yams, potatoes and arrow roots among others, hence were also included in the study.

The total sampling frame was 736 and the sampling unit was 427. The process involved selecting K^{th} (4^{th}) sampling unit of the population. The first sampling unit was determined at random Nachmias and Nachmias, 1996) from the first K = (427)/(97) records listed. This was done through assigning these records numbers from 1 to K. The respondent's names were written on pieces of paper that was then folded and placed in a jar. The jar was then sealed and the contents shaken to randomize the items. The researcher then picked one a piece of paper from the jar whose name contained the first sampling unit. Thereafter, every K^{th} record will be selected until the required sample size of 97 was attained.

For populations below 10,000 sampling units, the sample size is computed as per the formula below:

$$N = \frac{z^2 \Pi(1-\Pi)}{(p-\Pi)^2}$$

Π	=	Sample proportion
p	=	Population proportion
z	=	Standard normal deviate at the required confidence level
n	=	Sample Size

Mugenda and Mugenda (1999), as contained in Fisher, Laing and Styoeckel (1983) recommend that since p and Π are unknown, both are set at 0.5. At a confidence level of 95% that will be used for this study, z = 1.96 and the sampling error of $(p- \Pi)^2$ will be set at 0.1. Thus, sample size n becomes:

$$n = \frac{(1.96)^2(0.5)^2}{(0.1)^2} = 97$$

Since the population (N) consists of 427 women and only a sample (n) of 97was required, then the sampling interval, K, was given by:

$$K=\frac{N}{n}=\frac{X}{97}$$

3.4 Piloting

The study was preceded by a pilot study. Polit et al., (2001) points out that a pilot study is a feasibility study (trial runs) done in preparation for the major study. The study assists in developing and pre-testing of the research instruments (Baker, 1994). It also provides advance warning about where the main research project could fail, where research protocols may not be followed, and whether proposed methods or instruments are inappropriate or too complicated. The pilot study also assists to establish whether the sampling frame and techniques are effective. According to Van Teijlingen and Hundley (2001) the study is also a training process for researchers and research assistants in various elements of the research process. A pilot study also ascertains the validity and reliability of research instruments (Bell, 1993).

The research instruments were pretested using a sample of 10% of the sample size (or 10 respondents) as per recommendations by Mugenda and Mugenda (1999) who observe that a successful pilot study will use 1% to 10% of the actual sample size. The pilot study respondents were selected from The Aga Khan Hawkers market. The characteristics of this market were considered to be similar to those of the market under study. Procedures used in pre-testing the questionnaire were similar to those used in the actual study. This helped in clarifying questions and in refining the data analysis methods (Mugenda and Mugenda, 1999).

3.5 Reliability and Validity

Validity seeks to establish whether the questionnaire content is measuring what it seeks to measure (Mugenda and Mugenda, 1999). Content validity was obtained from the supervisor, other academic staff within and without the department. The feedback given assisted in assessing whether the content the instruments were trying to measure accurately represented the items under study. Face validity was enhanced through the piloting procedure described above. Recommendations for improvement obtained were incorporated into the questionnaire.

Reliability is the degree to which an assessment toll consistently measures whatever it measures (Gay, 1987). In this study, reliability of the research instrument was tested using the split-half design. Mugenda and Mugenda (1999) observe that this design requires a single testing and has the advantage of eliminating chance error due to differing test conditions.

3.6 Data Collection

The study used qualitative and quantitative methods of data collection. For qualitative data, non-directive interviews were conducted with selected individuals over a period of two months. According to Nachmias and Nachmias (1996), non-directive interviews are the most flexible form of personal interviewing. The researcher does not employ a schedule to ask a prespecified set of questions, nor are the questions asked in a specified order. Further, the interviewer has a great deal of freedom to probe various areas and to raise specific questions during the course of the interview.

The interviewees were referred by my contact person. They were perceived to have good knowledge of the market; were key members of the Ngara Hawkers Market Association; and had operated in the market for approximately 10 years or more. The interviews assisted in getting the inside information of the market operations; to design of the survey questionnaire; and provided an opportunity to explain the purpose of the survey.

Quantitative data was collected using a survey questionnaire administered to 97 respondents through face to face interviews. The questions were close-ended and matrix type (Likert-type scales). According to Kothari and Pals (1993), a questionnaire gives respondents adequate time to give well thought out answers. Likert-type questions assists to assess the extent of occurrence of a given variables among the target population.

Using a predesigned questionnaire ensured that information sought was standard. The questionnaire was administered on the respondents with the assistance of two research assistants using face to face interviews. This provided opportunity to interpret certain questions to the respondents some of whom had low levels of education.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

Quantitative data analysis was executed using SPSS software and descriptive statistics consisting of means, percentages and frequencies. The mean values informs on how the variables of interest are weighted for all the scores in each response category.

The research study findings were as follows:

4.1 Demographic Characteristics of the Women Vegetable Vendors

Age of Respondents and Marital Status (cross-tabulation)

Age bracket	Marital status		Total
	Yes	No	
18-25	8	15	23
26-35	23	15	38
36-45	16	8	24
46-55	5	6	11
>55	0	1	1
	52	45	97

Majority of the respondents were between ages 26-35 with 38, ages 36-45 with 24, and ages 18-25 with 23. Those between 46-55 years were 11. Only 1 respondent was above age 55.

52 surveyed were married, while 45 respondents were unmarried.

Number of Dependants by Marital Status (cross-tabulation)

Marital status	No of dependants					Total
	0	1-3	4-6	7-9	>9	
Yes	1	17	17	13	4	52
No	2	20	11	10	2	45
	3	37	28	23	6	97

The survey revealed that married respondents were taking care of more dependants than those unmarried. On average the married were taking care of 10.4 dependants while the unmarried took care of 9 dependants on average.

Level of Education

Level of Education	Frequency	Percent
Lower primary	6	6.2
Upper primary	36	37.1
Part secondary	12	12.4
Full secondary	41	42.3
Higher	2	2.1
Total	97	100.0

The vegetable vendors were found to have high level of education, ranging from lower primary school to higher education. Out of total surveyed 42.3% had full secondary education (41 respondents), while 37.1% had upper primary education, reaching up to class 8. Secondary school dropouts were 12.4%, while 6.2% had lower primary education. 2.1% had attained University education. All of them reported being conversant with basic arithmetic required for the day-to day running of their businesses.

4.2 Socio-Economic Characteristics

Business Ownership

Business Ownership	Frequency	Percent
Own business	92	94.8
Employed	3	3.1
Family owned with parents	2	2.1
Total	97	100.0

92 representing 94.8% of total surveyed operated their own businesses as opposed to employees, while 3 respondents were employed and 2% operated the businesses on behalf of their parents.

During non-directive interviews the following reasons were given as contributing factors to the phenomenon. (a) Sales were conducted on cash basis with no receipts unless requested; (b) There were no fixed prices for goods and sales were concluded through haggling hence accounting by delegation was difficult via sales and stocktaking. Other factors included the need to monitor unaccountable overhead costs such as transport to town (Wakulima) for purchase; transport of the fruits and vegetables from town to Ngara; transport from the Ngara Matatu terminals by pushcart to the stall among others forced traders to handle all business activities personally.

Source of Vegetables

Source of Vegetables	Frequency	Percent
Own farm	1	1.0
Direct from farmers	14	14.4
Middlemen	82	84.5
Total	97	100.0

82 respondents, representing 84.5% of the total surveyed purchased their products from middlemen found at Wakulima Market, and freelance vendors among others, while 14 purchased direct from the farmers and only 1% accessed products from

their own farms. This represented 14.4% of the total surveyed. The former percentage represented women between ages 46-55.

Level of Awareness of Existence of MFIs

	Frequency	Percent
Yes Have heard of MFI	59	60.8
No	38	39.2
Total	97	100.0

The survey revealed that most of the businesswomen had heard of MFIs. 59 respondents, representing 60.8% of the total surveyed indicated having heard of MFI, while 38 had not (39.2%). During non-directive interviews, it emerged that some MFIs, including Jitegemee, Kenya Women Finance Trust, and K-REP had approached the women on individual basis with the aim of organizing them into groups in order to extend to them credit facilities. Indeed, some were already beneficiaries. It was further observed that the women were cynical to matters relating to MFIs having lost their savings to pyramid schemes which masqueraded as MFIs.

Source of Loans and Amounts

Source of loans	Loan size borrowed						Total
	<10000	10001 to 20000	20001 to 30000	30001 to 40000	40001 to 50000	NA	
Own savings	0	0	0	0	0	31	31
Family	3	4	0	0	0	0	7
Merry go rounds	17	14	3	1	0	0	35
Money lenders (shylocks)	6	4	2	1	1	0	14
MFI	0	1	5	2	2	0	10
	26	23	10	4	3	31	97

Merry-go-rounds were the most popular source of loans. Of the total surveyed, 35 respondents reported having borrowed from this source. Among them, 17 reported having borrowed in the range of Kshs0-10,000=, while 14 had borrowed between Kshs.10,001-20,000=, and 4 between Kshs.20,001-50,000=.

The total number of those who reported having borrowed from money lenders *(Shylocks)* was 14. Among them, 10 respondents had borrowed between Kshs.0-20,000=, while 4 had borrowed between Kshs.20,001-50,000= from same source.

A total of 10 surveyed had borrowed from MFIs, with 5 having borrowed between Kshs.20,001-30,000=, while 4 had borrowed between Kshs.30,001-50,000. Only 1 of respondent had borrowed less than Kshs.10,000.

A total of 7 surveyed reported having been advanced loans by their families ranging between Kshs.0-20,000. Those who reported having used their own savings to start their businesses were 31. No records were kept by this category of businesswomen on amounts spent in starting or operating their businesses.

Number of Times Borrowed Loan (if ever borrowed)

Number of	Frequency	Percent
1	32	33.0
2	15	15.5
3	10	10.3
4	4	4.1
6	1	1.0
7	1	1.0
8	1	1.0
10	1	1.0
NA	32	33.0
Total	97	100.0

As regards the frequency of borrowing, a number of respondents had made repeated borrowing with 32 respondents, representing 33% of the total surveyed having borrowed once; 15 respondents two times (15.5%); 10 respondents three times (10.3%); and 4 respondents four times (4.1%). 32 respondents, representing 33% of the total surveyed had used their own savings or had been assisted by their family members. Those who had borrowed between 6-10 times were 4%.

Adequacy Status of Borrowed Loan Amounts

Have you ever taken a loan	If you borrowed loan were amounts adequate			Total
	Yes	No	NA	
Yes	21	44	0	66
No	0	0	32	32
	21	44	32	97

Among those who had borrowed loans, 44 respondents indicated that the loans they had borrowed were inadequate for their businesses, while 21 said they were adequate.

Preferred Loan Amounts and Repayment Periods

What loan amount would you wish to borrow	Preferred repayment period after borrowing (by years)					Total
	1(yrs)	2(yrs)	3(yrs)	4(yrs)	5(yrs)	
10000 to 30000	26	12	3	0	2	43
30001 to 60000	16	5	2	0	2	25
60001 to 90000	4	3	0	0	2	9
90001 to 120000	5	4	2	0	1	12
120001 to 150000	0	0	1	0	0	1
>150000	1	2	2	1	1	7
	52	26	10	1	8	97

Majority of the respondents indicated that they preferred to repay their loans within one year, with 26 respondents desiring to take between Kshs.10,000 – 30,000=; 16 respondents desired to take between Kshs.30,001 – 60,000= 10 respondents between Kshs.60,001–150,000=; and 1 respondent wished to borrow above Kshs.150,000 and make repayments within a year. The most preferred repayment periods were 1 to 2 years.

Borrowed and Defaulted Loans

Ever Defaulted Loans Borrowed Loans	Frequency	Percent
Yes	10	10.3
No	56	57.7
NA	31	32.0
Total	97	100.0

Among those who took loans 10 respondents, representing 10.3% of the total surveyed reported having defaulted paying loans at one time or another, while 56 respondents (57.7%) had paid all their loans. 31 respondents (32%) had used their personal savings to start or to run their businesses.

4.3 The Highest Expressed Needs for Microfinance among Women Vegetable Vendors

FIGURE 2: The Top 11 Highest Expressed Needs for Microfinance among Women Vegetable Vendors (expressed as percentage)

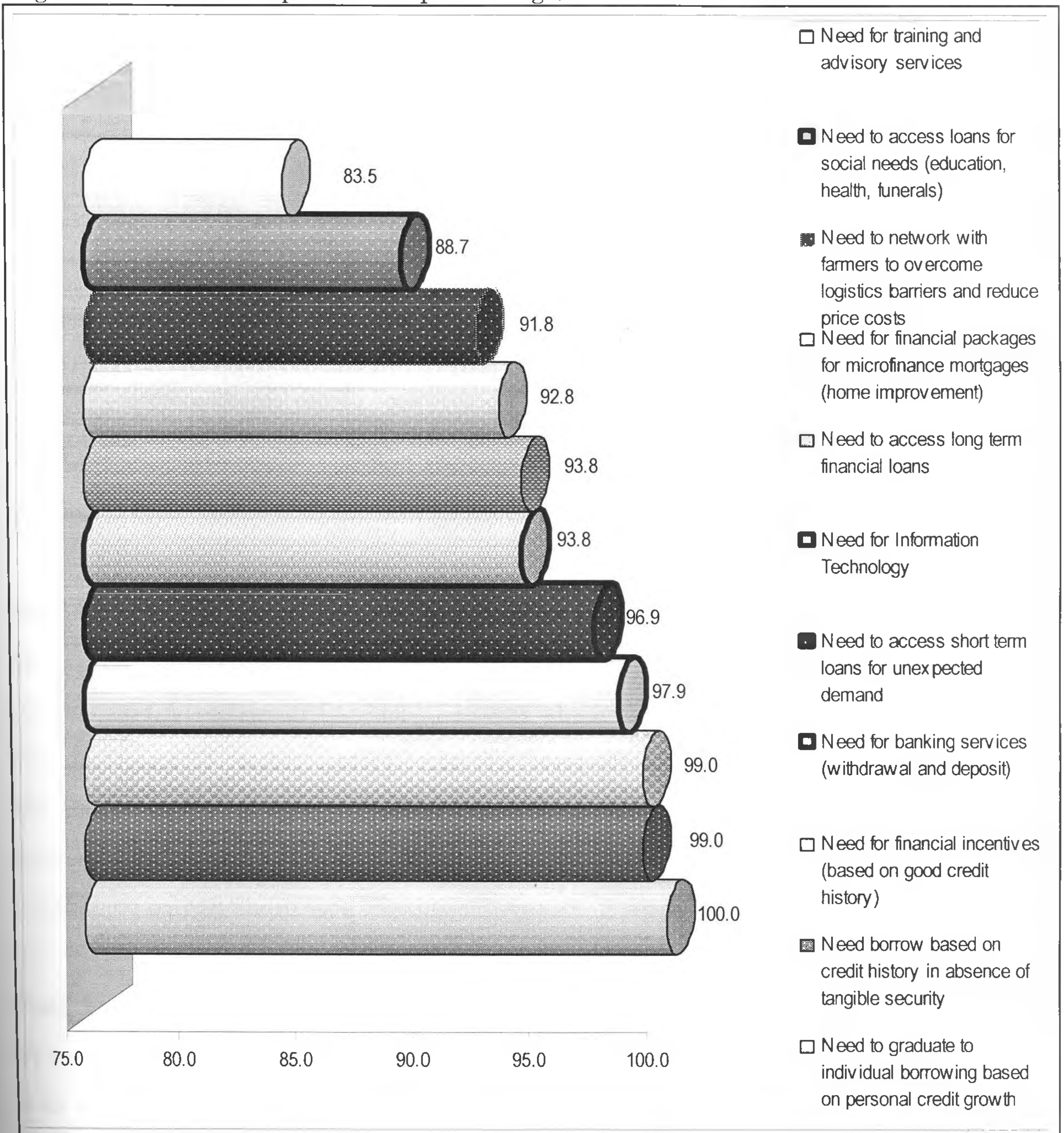


Figure 2 above show the top 11 needs out of 15 included in the questionnaire. Any need above 80% was assumed to highly influence women's business performance.

Need to Graduate to Individual Borrower

97 respondents, representing 100% of the total surveyed wished to access credit individually based on individual business performance as opposed to group borrowing. During non-directive interviews, it was observed that whilst one was in a position to repay a loan within a reasonably short period, she was unable to do so due to being tied up to the group. A challenge was therefore placed upon micro-finance institutions to change the approach and not to over-rely on the Grameen model. There is need to research and develop appropriate loan products based on the "KNOW YOUR CUSTOMER (KYC)" approach to secure advanced loans.

A cross-tabulation was done to see if there was a relationship between education and the need to graduate to individual borrowing. The findings were that majority of those who expressed this need had acquired full secondary education (41 respondents). However, the fact that most respondents had acquired full secondary education could have influenced the findings. This requires further investigations.

Need for Savings and Withdrawals Facility

95 respondents representing 97.9% of the total surveyed expressed demand for savings and withdrawal facilities. It was observed that there were no MFI offering such facilities to them. Considering that over 92 respondents representing 94.8% of the total surveyed operated their own businesses, and with no time to juggle between banks and attending to clients; it is imperative that banking facilities are brought nearer to them (see Statistical Annex in Appendix I).

Need for Short Term Loans to Meet Urgent Unforeseen Orders

94 respondents, representing 96.9% of the total surveyed expressed need for short term loans to meet urgent unforeseen orders. Women turned to money lenders in search for quick fix to urgent orders. Indeed, during non-directive interviews, it was established that one of the traders was *cum-shylock*, and was lending to them between Kshs.2,500/=, Kshs.10,000/=. The interest charged per month was 20%.

This underscores the high demand for quick credit and existing vacuum for innovative financial products to suit the needs of this group.

Need for Credit based on Credit History and Financial Incentives

96 respondents, representing 99% of the total surveyed expressed need for micro-credit based on credit history, while similar percentage (99%) expressed the need for lower interest rates as incentives to be based on performance of the first loans.

Need for Information Technology

91 respondents, representing 93.8% of the total surveyed expressed the need for access to IT especially the internet, while 6 respondents (6.2%) were not in need of IT services (see Statistical Annex in Appendix I). Information technology provides an opportunity for informal workers and businesses to engage with the formal sector in both the domestic and global markets. IT can be particularly useful for receiving the latest information on prices and market conditions, which helps enterprises in adjusting their products to new trends and demands. Telecommunications, such as mobile telephony, also assists in keeping in touch with customers and developing distributional and informational networks.

Need for Long Term Financial Loans

91 respondents, representing 93.8% of the total surveyed expressed the need for long term financial facilities. Long term facilities would allow borrowing large amounts and repaying with less strain. Further, the facility would contribute to business expansion. A cross tabulation was done to establish see if there was any relationship between need for long term loans and level education. The findings were that those with full secondary education were the majority (39 respondents). However, the fact that most respondents had acquired full secondary education could have influenced the findings. This requires further investigations.

Need for Financial Packages for Microfinance Mortgages (home improvement)

Housing microfinance is a more appropriate lending methodology than traditional mortgage lending for serving the housing finance needs of micro-entrepreneurs. In this study, 90 respondents, representing 92.8% of those surveyed expressed the need for financial packages for microfinance mortgages for home improvement, and only 7 respondents (7.2%) expressed no need for this facility (see Statistical Annex in Appendix I).

Need to Access Packages Geared Towards Social Needs (example Education and Health)

86 respondents, representing 88.7% of the total surveyed expressed need to access financial services geared towards meeting their social needs such as education, health among others. 11 respondents (11.3%) expressed no need for this facility (see Statistical Annex in Appendix I). Non-directive interviews revealed that majority of the respondents were already members of social support groups which provided support in case of death of a family member.

Need for Financial/Investment Advisory Services and Training (example - financial Management & Record-Keeping)

81 respondents, representing 83.5% of the total surveyed expressed the need for training and investment advisory services, while 16 respondents expressed no need for these services. Non-directive interviews established that most women did not keep records of their sales due to time factor. They further underscored that they did not see the need because they were operating the businesses themselves. In order to manage loans effectively, record-keeping, financial management and other investment advisory services should form part of the training modules offered to potential borrowers by the MFIs.

Need to Network with Farmers to Overcome Logistics Barriers and Reduce Price Costs

89 respondents, representing 91.8% of the respondents were of the opinion that networking with farmers would drastically reduce purchase prices as opposed to the current situation where they buy from the middlemen at exorbitant prices. 8 respondents (8.2%) did not express this need. According to non-directive interviews, field visits were observed to be viable strategy for building networks with farmers.

4.4 The Least Expressed Needs Among Women Vegetable Vendors

FIGURE 3: Least Expressed Needs Among Women Vegetable Vendors (expressed as percentage)

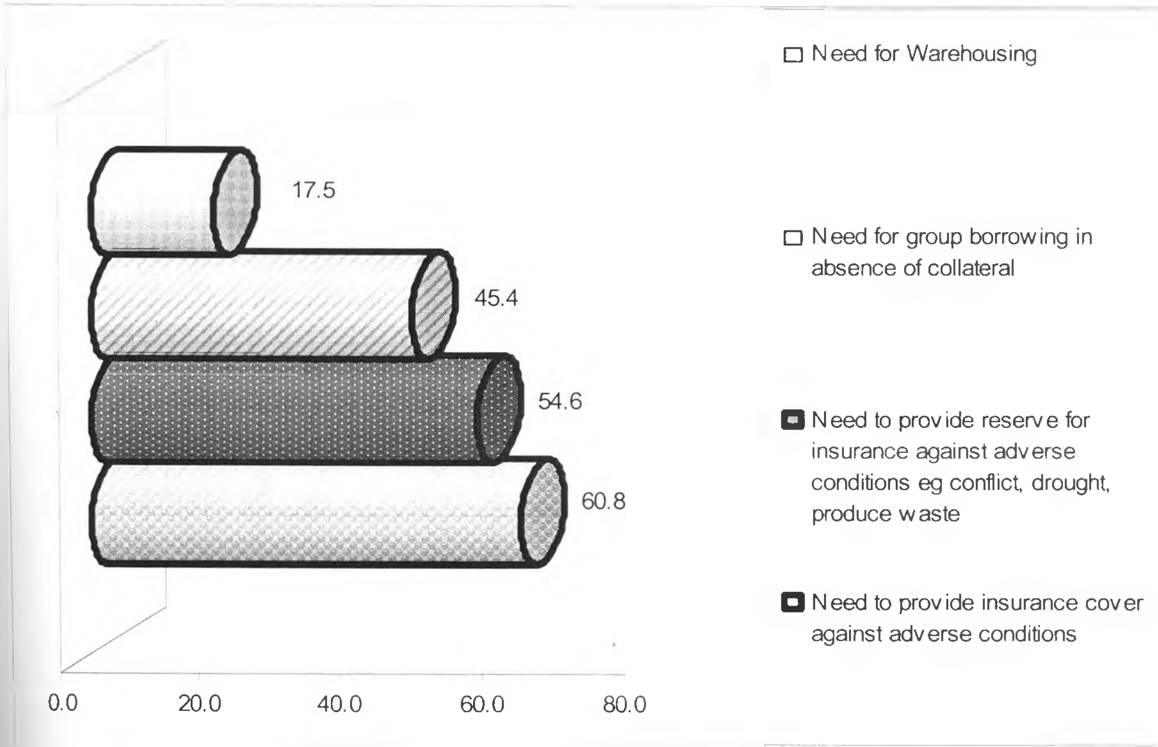


Figure 3 shows the least expressed needs by the women vegetable vendors.

Need for Storage (warehousing Facilities)

While storage (warehousing) facilities were not available; 83% of the respondents advised that they did not require such facilities due to the following factors (according to non-directive interviews). (a) Women vegetable vendors purchased their wares based on sales projection of not more than two days and prefer to leave the same in their stalls overnight under a common guard or watchman, hence, would find the process of taking and retrieving the wares to and from a storage facility cumbersome; (b) The process of depositing and retrieving their wares would adversely affect the fruits/vegetables due to scratching; (c) There exists high level of social support whereby in case a trader is unable to turn up for business, the neighbour often sells the vegetables on her behalf.

Need for Group Borrowing in Absence of Collateral

Most of the Micro-finance institutions base their lending on group guarantees under a queue and savings system. During non-directive interviews, it was observed that group lending was becoming increasingly unpopular due to the following factors:

1. The long time frame required for a group to save for subsequent lending to the first member. In order to access loans group members must develop savings to a certain level and be in a queue as the first loan and subsequent loans are being monitored in terms of repayments relative to the savings.

2. A default by one single member led to a lock-up of other member's savings. This not only led to the break-up of groups but also friction among members thereby creating a very negative image to MFIs in general. Indeed, one respondent remarked "What are the difference between a micro-finance Institution and a merry – go – round since the lending concept is the same?" "Why can't the MFIs manage risk on individual basis?"

Group borrowing was found to be unpopular among the respondents. 44 respondents, representing 45.4% of the total surveyed expressed the need for group borrowing in absence of collateral, while 53 respondents (54.6%) were not for group borrowing (see Statistical Annex in Appendix I). However, those who opted for group borrowing were found to be the new entrants into the business and those below 25 years.

Need for Insurance against Natural Conditions (for example Drought, Flood and Earthquake) and Insurance against Adverse Conditions (for example Fire, Riots and Conflicts)

53 respondents, representing 54.5% of the total surveyed were willing to access insurance against natural conditions such as drought, flood and while 59 respondents (60.8%) were in need of insurance against fire, riots and conflicts (see Statistical Annex in Appendix I). During non-directive interviews, women felt that had they taken insurance against loss as a result of conflict, they would not have incurred as heavy losses as they did in early 2008 as a result of politically instigated violence experienced in Kenya in 2007 triggered by disputed presidential results.

4.5 Extent Social Factors that Hinder Women Vegetable Vendors from Accessing Microfinance Services

FIGURE 4: Social Factors that Hinder Women Vegetable Vendors from Accessing Microfinance Services (expressed as percentage)

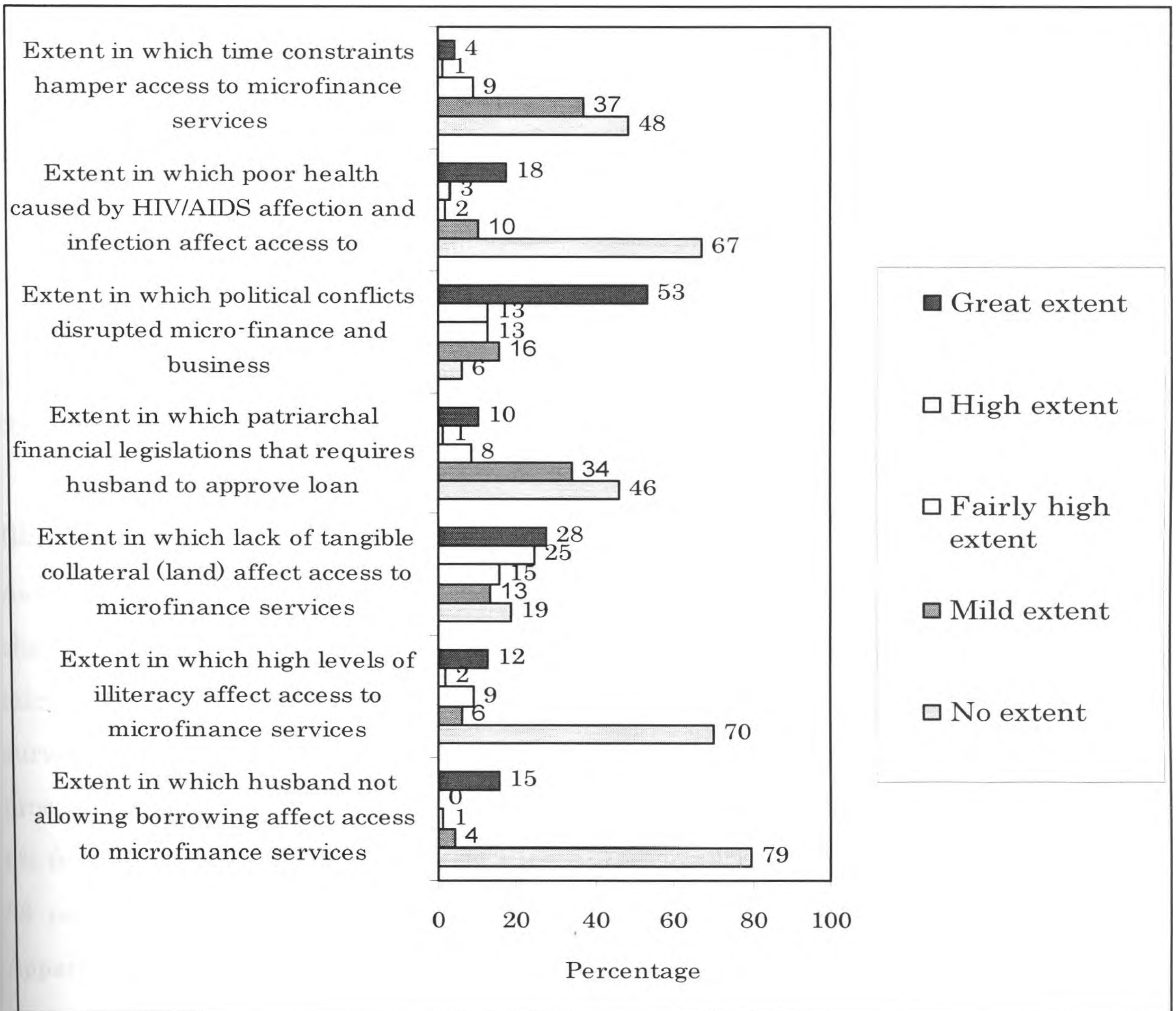


Figure 4 above shows the extent to which specific social factors hinder women vegetable vendors from accessing microfinance services. The extents are expressed as percentage as a measure of magnitude. The respondents were requested to rank the extent of those factors in the order of their importance. 1 represented the least ranked factor while 5 represented the highest ranked factor.

Husbands will not allow borrowing

In Kenya, there exists no financial legislation that requires women to seek consent from their husbands while making a borrowing, hence no woman expressed. While asked if the husband's approval to borrow was a hindrance to their access to credit, 77 married respondents, representing 79.4% of the total surveyed said that this factor had no effect, while 4 respondents (4%) said this factor had mild extent, and 15 respondents (15.5%) said that this factor affected them to a great extent (see Statistical Annex in Appendix I). During non-directive interviews some women said that they would rather borrow without the knowledge of their husbands since they (husbands) would never approve their borrowing in the first instance, while others said that in order to keep harmony in the family, they would rather inform their husbands, even though not for the purpose of his approval, but just in case they were unable to repay the loans and he gets to know about it.

Illiteracy Levels

As mentioned earlier in this report, the education level among this group was observed to be high; hence illiteracy was not a factor in hindering women's access to microfinance facilities. Only 12 respondents, representing 12.4% of the total surveyed felt that their literacy levels were inadequate to comfortably undertake the process of loan application. To them this was a factor to a great extent. 2%, 9%, and 6% felt it was of high extent, fairly high extent and mild extent respectively, while 68 respondents (70%) felt illiteracy was not a factor (see Statistical Annex in Appendix I).

Lack of Tangible Collateral

Microfinance institutions have not developed linkages with commercial banks through referencing customers who graduate from repeat small loan amounts in order to access large loan amounts that are provided by these banks. Commercial banks always insist on tangible securities which most of the respondents do not have. When asked to what extent lack of tangible collateral hindered their access to credit, 27 respondents, representing 27.8% of the total surveyed expressed that lack of collateral was to a great extent a factor that hindered access to microfinance facilities. 24 respondents (24.7%) expressed that lack of tangible collateral was to a high extent a hindering factor, while 18 respondents (18.6%) expressed that this factor was not a hindrance to any extent. 15 respondents (15.5%) expressed that lack of tangible collateral was a hindrance to a fairly high extent (see Statistical Annex in Appendix I).

Political conflicts disrupting Micro-Financing

Political disruptions due to the last general elections violence heavily affected delivery of Micro-Financial Services. Businesses were adversely affected due to displacement on part of those who has accessed these facilities or were in the initial stages of lodging their applications. As a result, there has been an increase in default rates since the affected borrowers could not meet their obligations due to either displacement or low business activities.

51 respondents, representing 52.6% of the total surveyed reported that political conflicts affected their business to a great extent; while 12 respondents (12.4%) reported that this was a factor to a high extent and same number of respondents (12) expressed that this was a factor to a fairly high extent (see Statistical Annex in Appendix I).

Poor health especially due to HIV/AIDS infection

A large number of respondents reported that they took care of orphans left by close relatives due to HIV/AIDS. This had an effect on available resources which otherwise would have gone into business. 17 respondents, representing 17.5% of the total surveyed observed that HIV/AIDS pandemic to some great extent hindered them from accessing microfinance facilities, while 3 respondents (3.1%) felt it was a factor to a high extent, while 10 respondents (10.3%) felt it was a factor to a fairly high extent, and 65 respondents (67%) felt that poor health was not to any extent a factor. These findings may have been influenced by fear of perceived banking policies that would require potential clients to undertake HIV tests prior to loan approval.

Time Constrain as a Factor in Participation in Micro-Finance Programmes

Vegetable vending was observed to be the major source of income among respondents. Most felt that they had all the time to give it maximum attention. 47 respondents, representing 48.5% felt that time constrain was not to any extent a factor, while 36 respondents (37%) felt that time constrain was to a mild extent a factor. 9 respondents (9.3%) felt it was to a highly fair extent a factor; while 4 respondents (4.1%) felt it was to a great extent a factor (see Statistical Annex in Appendix I).

4.6 Conclusion

Although the microfinance industry has a better historical track record of focusing on women, this survey reveals that there exists room for improvement. The survey shows a remarkably low women's capability to access microfinance facilities. Factors such as lack of tangible collateral; lack of relevant insurance covers against adverse effects, for example drought, fire, conflict among others; lack of relevant training; lack of short term loans to service unforeseen orders, among other important factors as mentioned earlier in this report; all work against women in accessing microfinance services. Microfinance Institutions could do more if they provided other services and interventions to help its clients advance up the financial ladder.

CHAPTER FIVE

RECOMMENDATIONS AND CONCLUSION

5.1 Conclusion

MFIs are yet to adequately address the needs of women low income earners, in providing individual accesses to credit and saving facilities. Demand for micro-credit is high, but due to the modalities of microfinance lending, women are still been unable to access credit due to the absence of a banking track record among other important factors. It is observed that women vegetable vendors hardly bank their sales proceeds in view of daily or weekly cash requirements; hence the traditional credit appraisal by banks cannot be applied due to non-availability of bank statements. It is in the absence of affordable and accessible credit that traders either borrow among themselves (merry-go-rounds) or from money lenders "*shylocks*" at exorbitant interest rates (from the latter). If affordable credit facilities were made available on individual basis, the women vegetable vendors could be mentored and induced to trade accounting and banking culture.

The traditional use of land titles as collaterals need to be reconsidered by banks, considering that majority of women lack access and control over land. Other appropriate collaterals need to be considered, for example the value of business premises and the stock at hand.

Finance through MFIs has remained less innovative in approach with nearly all institutions approaching credit access through women groups. Group lending has contributed to women shunning group credit due to the following reasons:

i) Lack of proper book keeping that gives rise to misappropriation of funds by officials leading to committed and focused members leaving the groups.
ii) Loan default by one member often affects the whole group savings. This often results to all members being denied credit access in view of the cross

guarantees by members of the group. This leads to break up of groups and inability to access individual member savings that served as the guarantee.

With the demand for microcredit ranging from Kshs10,000-50,000=, coupled with good financial packaging and good risk management, there is potential for financial growth in the group studied. It is my sincere hope that these findings will be of use to MFIs and those responsible for implementing the MFI policy.

5.2 Recommendations

Based on findings from this research, the following are some of the suggested recommendations:

1. In order to ease loan repayment pressure to micro-entrepreneurs, MFIs can introduce daily repayment schedules as opposed to monthly. This arrangement would entail taking banking services nearer to the clients.

2. MFIs can access more individual borrowers if they used group lending as business incubator. This can work out by allocating members of the group a sub-account within the main account, and then the group members are regularly assessed based on specific targets (set by the MFIs). Those found to achieve the set targets are promoted to the status of an individual borrower.

3. *Protect clients against* 'abusive lending and collection practices. This would entail providing borrowers with accurate, comparable, and transparent information about the cost of loans. There is need to take consideration of the borrower's capacity to make repayments. Over-lending can lead to over-indebtedness and higher defaults. Banks need to design effective regulatory measures, taking care not to use unduly repressive measures.
4. MFIs need to provide credit information services or credit bureau services. Credit bureaus offer benefits to financial institutions and their customers. By

collecting information on clients' status and history with a range of credit sources, these databases allow lenders to lower their risks, and allow borrowers to use their good repayment record with one institution as a means to get access to new credit from other institutions. Such credit bureaus allow lenders to be much more aggressive in lending without physical collateral (Consultative Group to Assist the Poorest [CGAP], 2003)

5. Develop insurance packages that protect borrowers against perils occasioned by natural disasters such as flood, draught, and earthquakes. Other insurance packages would include those that protect borrowers against effects of conflict, riots and fire.

6. Develop various loan lines with different limits and different repayment schedule (similar to those found in Cooperative Societies). For example one loan line could be for long term loans, repayable in 5 years, and the other line for short term loans repayable in 6 months.

7. The group studied expressed great need for short term loans for use in servicing unexpected big orders. Legal instruments can be developed which clients can present to the MFIs as prove of confirmed orders, this can be in the form of promissory notes, pro-forma invoices among others.

8. Develop attractive packages with affordable premiums and repayment schedules that can provide this category of businesswomen and their families with affordable health care facilities.

9. Considering that among the vendors, there are some with IT skills; their expertise can be used to support cyber cafés. These facilities would help women vegetable vendors to monitor the daily costs of different products and to source for vegetables and fruits.

10. MFIs can sponsor vendors for field visits to farmers so as to build rapport; and to source for wares. This support would not only encourage farmers to increase their production effort but also would increase the trade profit margins.

11. Invest more in the "upper micro" and small and medium enterprises so that those who graduate from micro-entrepreneurship can find a soft landing.

12. Establish long-term borrower (customer) relationships designed to help women to move up the financial ladder. In order to achieve this, MFIs could develop products that focus on individual borrowing based on credit history of potential clients; duration of the business and consistency in running the business. They could also look at the equity of the borrower.

13. Operate not in isolation, but coordinate with other actors in the field, including commercial banks so that they can take over those customers graduating from the group lending to access long term loans.

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APPENDIX I - Statistical Annex - Likert-type Scales

Need to Access Long Term Financial Loans

	Frequency	Percent
Yes	91.0	93.8
No	6.0	6.2
Total	97.0	100.0

Need for Banking Services (Withdrawal and Deposit)

	Frequency	Percent
Yes	95	97.9
No	2	2.1
Total	97	100.0

Need to Access Short Term Loans for Unexpected Demand

	Frequency	Percent
Yes	94	96.9
No	3	3.1
Total	97	100.0

Need for Information Technology

	Frequency	Percent
Yes	91	93.8
No	6	6.2
Total	97	100.0

Need for Warehousing

	Frequency	Percent
Yes	17	17.5
No	80	82.5
Total	97	100.0

Need for Group Borrowing in Absence of Collateral

	Frequency	Percent
Yes	44	45.4
No	53	54.6
Total	97	100.0

Need to Access Loans for Social Needs (Education, Health, Funerals)

	Frequency	Percent
Yes	86	88.7
No	11	11.3
Total	97	100.0

Need for Financial Incentives (Based on Good Credit History)

	Frequency	Percent
Yes	96	99.0
No	1	1.0
Total	97	100.0

Need for Financial Packages for Microfinance Mortgages (Home Improveme

	Frequency	Percent
Yes	90	92.8
No	7	7.2
Total	97	100.0

Need for Training and Advisory Services

	Frequency	Percent
Yes	81	83.5
No	16	16.5
Total	97	100.0

Need to Provide Reserve for Insurance Against Adverse Conditions, e.g Cor
and Drought

	Frequency	Percent
Yes	53	54.6
No	44	45.4
Total	97	100.0

Need to Borrow Based on Credit History in Absence of Tangible Security

	Frequency	Percent
Yes	96	99.0
No	1	1.0
Total	97	100.0

Need to Graduate to Individual Borrowing Based on Personal Credit Growt

	Frequency	Percent
Yes	97	100.0

Need to Network With Farmers to Overcome Logistics Barriers and Red
Price Costs

	Frequency	Percent
Yes	89	91.8
No	8	8.2
Total	97	100.0

Need to Provide Insurance Cover Against Adverse Conditions

	Frequency	Percent
Yes	59	60.8
No	38	39.2
Total	97	100.0

Extent to Which Husband Not Allowing Borrowing Affect Access to Microfinance Services

	Frequency	Percent
no extent	77	79.4
Mild extent	4	4.1
Fairly high extent	1	1.0
Great extent	15	15.5
Total	97	100.0

Extent to Which High Levels of Illiteracy Affect Access to Microfinance
Services

	Frequency	Percent
No extent	68	70.1
Mild extent	6	6.2
Fairly high extent	9	9.3
High extent	2	2.1
Great extent	12	12.4
Total	97	100.0

Extent to Which Lack of Tangible Collateral (Land) Affect Access to Microfinance Services

	Frequency	Percent
No extent	18	18.6
Mild Extent	13	13.4
Fairly high extent	15	15.5
High Extent	24	24.7
Great Extent	27	27.8
Total	97	100.0

Extent to Which Patriarchal Financial Legislations that Requires Husband to Approve Loan Applications Affect Access to Microfinance Services

	Frequency	Percent
No extent	45	46.4
Mild extent	33	34.0
fairly high extent	8	8.2
High extent	1	1.0
Great extent	10	10.3
Total	97	100.0

Extent to Which Political Conflicts Disrupted Micro-Finance and Business

	Frequency	Percent
No extent	6	6.2
Mild extent	15	15.5
Fairly high extent	12	12.4
High extent	12	12.4
Great extent	51	52.6
Total	96	99.0
System	1	1.0
	97	100.0

Extent to Which Poor Health Caused By HIV/AIDS Affection and Infection Affect Access to Microfinance Services

	Frequency	Percent
No extent	65	67.0
Mild extent	10	10.3
Fairly high extent	2	2.1
High extent	3	3.1
Great extent	17	17.5
Total	97	100.0

Extent In Which Time Constraints Hamper Access To Microfinance Services

	Frequency	Percent
No extent	47	48.5
Mild extent	36	37.1
Fairly high extent	9	9.3
High extent	1	1.0
Great extent	4	4.1
Total	97	100.0

APPENDIX II: LIST OF RESPONDENTS, NGARA HAWKERS MARKET NAIROBI, KENYA

	NAME	NATIONAL
1.	AGNES MUTHONI MWANGI	3574422
2.	AGNES MUTITU	3306882
3.	ANASTASIA WAMBUI MWANGI	11687402
4.	ANNA NZILANI KEMEU	1110563/75
5.	ANNETT MUTHONI NJUE	20609604
6.	CATHERINE MUTHONI MUCUKU	11001463
7.	CATHERINE WANJIKU KAMAU	10932864
8.	CATHERINE WANJIRU RUGAINI	21430391
9.	CHARITY WANJIKU WAINAINA	21055468
10.	CLARICE OMONDI	2265189
11.	DAMARIS NYAMBURA KINUTHIA	13459053/74
12.	ELISIPHAR NYAMBURA MUGO	21833165
13.	ELIZABETH NYAGUTHII MACHARIA	11286373
14.	ELIZABETH WAMBUI WAMBUA	12538410
15.	ELIZABETH WANGUI MBUGUA	79168170
16.	ESTHER NJANGIRU	8547779
17.	ESTHER NJOKI NJENGA	8472792
18.	ESTHER WAIRIMU KURIA	11308478
19.	ESTHER WAMBUI NDEGWA	5516852
20.	EUNICE MUKINA MURIITHI	21411817
21.	EUNICE STELLA WANGECI	12710591
22.	EUNICE WANJIRU KAMAU	4861775
23.	FAITH WANJIRU MUTHONI	23490894
24.	FATUMA MOHAMED	23470528
25.	FLORENCE NJERI KARIUKI	184749164
26.	FRASHIA WAIGUMO WAITHANJI	9826035
27.	GRACE WAMBUI NJUGUNA	5714604
28.	HANNA MUTHONI GACHIRA	10976689
29.	HELENA NZIZA	8058242
30.	IDA KAITHI JOSPHAT	10613028
31.	IRENE WANGARI	11267254
32.	ISABEL WANJIRU NDICHU	23473371
33.	JANE MAGIRI KIAURI	2881329
34.	JANE MUGURU WAWERU	5211321
35.	JANE MUTHONI KARIRI	6693739
36.	JANE NDUKU MUTUKU	12869526
37.	JANE NDUTA	9195958
38.	JANE NJERI KAMAU	6257493

	NAME	NATIONAL
39.	JANE WAITHIRA NGANGA	7063603
40.	JANE WAMBUI	4326899
41.	JANE WANJIKU NGUGI	8061561
42.	JANE WANJIKU NJOROGE	14718112
43.	JEMIMA WAITHIRA KIRAGU	13508078
44.	JESCA OKUTOYI ASAKA	13056131
45.	JOSSY WANJIKU WANGI	14568475
46.	JUDY KABURA NJOROGE	0363485
47.	JUDY OKOTH MUSONYE	8008727
48.	JULIETA NJERI WAINAINA	13056386
49.	LENA WANJA	10626360
50.	LILIAN WANJIRU NJAU	5183781
51.	LUCIA MUGURE KIMANI	10642695
52.	LUCY MARGAREG KARUGA	7064110
53.	LUCY MBARI GACINGA	23277532
54.	LUCY WAITHERA KAMAU	4808562
55.	LUCY WAMBUI MBURUA	5784419
56.	LYDIA NJOKI	11668616
57.	MARGARET NJERI KAMAU	3101420
58.	MARGARET WAIRIMU WAMWANGI	1142582
59.	MARGARET WAMBUI MUNGAI	13975385
60.	MARGARET WANJIRU MUNENE	1682335
61.	MARITHA WACHU NJOROGE	13215521
62.	MARY NJAMBI NJOROGE	22849860
63.	MARY NJERI KABAIKU	1019325
64.	MARY NYAMBURA KAIRU	1068326
65.	MARY WAHU KAMAU	11337961
66.	MARY WAIRIMU GATHIRI	11445263
67.	MARY WANJIRU NJOROGE	10767009
68.	MBITHE MUNGITHYA	11034759
69.	MBITHE MUNYITHYA	11034759
70.	MERCY WANGUI KURIA	20685645
71.	MILKA WACHERA	11034625
72.	NANCY NYAMBURA CHEGE	9944914
73.	NANCY WAMBUI NGURU	13644871
74.	NYAMBURA KAMUNYU	3334299
75.	PAMELA JAWOKO	3436150
76.	PAULINE WANJUGU NDIRANGU	12789815
77.	PHILOMENA WANJIKU	1019549
78.	PURITY MUTHONI NJERU	10648128
79.	RAHAB WANJIRU MUNGAI	11409163
80.	ROSALID WANJIKU WAINAINA	3430993

	NAME	NATIONAL
81.	ROSE MUMBUA MBENZWA	1888609
82.	ROSE WAMBUI NGANGA	4299030
83.	ROSEMARY WAGAKI	10460110
84.	RUTH NJERI GACHIGI	2890254
85.	RUTH WANJIRU NJUGUNA	1283888
86.	SALOME WAMBUI KARIUKI	11009150
87.	SALOME WANJIKU NJOROGE	1846756
88.	SARAH WANJIKU MANU	235175822
89.	SERA WAIRIU MUCHUKU	98558983
90.	SIPORA KEDI	7768489
91.	SUSAN NJERI MWAURA	22080743
92.	SUSAN NJERI NGIGI	11249757
93.	TABITHA WANGUI KIRAU	3137714
94.	TABITHA WANJIRU KAHOMBORA	4327840
95.	VERONICA NDETE NJENGA	0965373
96.	WINNIE NJERI NDIRANGU	1989190
97.	WINNIE WANJIKU CHEGE	5701281

APPENDIX III: NON-DIRECTIVE INTERVIEWS QUESTION

1. Do you employ assistants to help you out in sales?
2. Do you belong to any social groups such as merry-go-round, *m* social support groups that assists its members in difficult financial
3. Would you want your husband to know you have taken loan?
4. Have you ever been approached by any Microfinance, if yes, which
5. Were the MFIs of assistance to you in providing microcredit?
6. Do you think you would perform in accessing microcredit along group? If yes, why?
7. Is it difficult to access loans from money lenders or *shylock*s?
8. Do you keep record of your purchases and sales, if not why?
9. Do you think an insurance policy would be of benefit to you conflict, riots and evictions?

APPENDIX IV: QUESTIONNAIRE FOR QUANTITATIVE DA

Part 1:

1. How long have you been selling vegetables at the Ngara market? ___ Yrs
2. Have you ever heard of the concept of microfinance e.g. ***Juhudi*** scheme etc

☐ Yes; ☐ No

3. Indicate below your source (or sources) of vegetable produce.

☐ From own farming enterprise; ☐ Direct from farmers;

☐ Through Middlepersons (Brokers); ☐ Direct importers

4. Indicate your marital status below:

☐ Married; ☐ Not Married

5. Indicate below the number of dependants you have

☐ None; ☐ 1-3; ☐ 4-6; ☐ 7-9; ☐ Above 9

6. Please tick your age range

☐ 18-25; ☐ 26-35; ☐ 36-45; ☐ 46-55; ☐ Above 55

7. Indicate your level of education

☐ Lower-Primary; ☐ Upper-Primary; ☐ Part Secondar

☐ Full Secondary; ☐ High School ('A'-Levels)

8. Tick below to indicate if you can read and/or write (literacy):

☐ Read; ☐ Write

9. Are you able to count (numeracy)?

☐ Yes; ☐ No

10. Indicate below the status of the ownership of the business you run

☐ Own business; ☐ Employed; ☐ Jointly spouse;

☐ Family owned with parents; ☐ Group business (non-family)

11. If the business is not yours, would you desire to own your own business?

☐ Yes; ☐ No

12. Have you ever taken a loan from any source

☐ Yes; ☐ No

13. If the answer to question 12 is '**Yes**' fill in the information below.

a. Have you ever defaulted in loan repayment

☐ Yes; ☐ No

b. If 'yes', how many times have you defaulted

☐ One; ☐ Twice; ☐ Thrice; ☐ Four times; ☐ Above four

c. Indicate source of loans

☐ Own savings; ☐ Family; ☐ Merry-go-Roun

☐ Moneylenders (*Shylocks*); ☐ Microfinance Banks

d. Indicate loan size borrowed (in Ksh) at various times

	No of Times Borrowed								
Loan Size (Ksh)	1st	2nd	3rd	4th	5th	6th	7th	8th	9th
< 10,000									
10,000-20,000									
20,001-30,000									
30,001-40,000									
40,001-50,000									
> 50,000									

e. Have these loans been adequate for your needs

☐ Yes; ☐ No

14. Indicate loan size you would wish to borrow if given a chance.

Loan Size (Ksh)	Please tick preferred repayment period (Ye			
	1	2	3	4
10,000-30,000				
30,001-60,000				
60,001-90,000				
90,001-120,000				
120,001-150,000				
>150,000				

Part 2:

1. Please indicate the type of services you would wish a Microfinance Institutio
   to you as vegetable vendor in order to improve in your business

	Needs
a	Access to financial term loans
b	Easy access to banking services e.g. deposits and withdrawals
c	Access to short-term working capital to serve large orders and f unexpected peaks in demand
d	Access to state-of-the-art technology e.g. warehousing with refrigeration se for perishable farm produce □IT □Warehousing □ Others
e	Borrowing services (small loans against **alternative** collateral substitut group guarantees and savings)
f	Access to packages geared towards social needs example education, health
g	Financial incentives, e.g. low interest rates, to meet the financial ne business expansion based on credit history
h	Financing packages targeting growth in per capita income leading to lon investments e.g. microfinance mortgages (home improvement loans)
i	Providing financial/investment advisory services and training e.g. fir management & record keeping
j	Providing reserves for insurance against natural disasters such as draught, and earthquake
k	Borrowing services based on credit history in absence of tangible security
l	Graduation to individual borrowing based on personal credit growth
m	Networking systems between vendors and farmers to overcome logistical b.
n	Providing insurance cover against adverse conditions such as conflict, rio fire

2. Using the scale given, indicate the extent to which the factors mention table below affect your ability to access microfinance services.

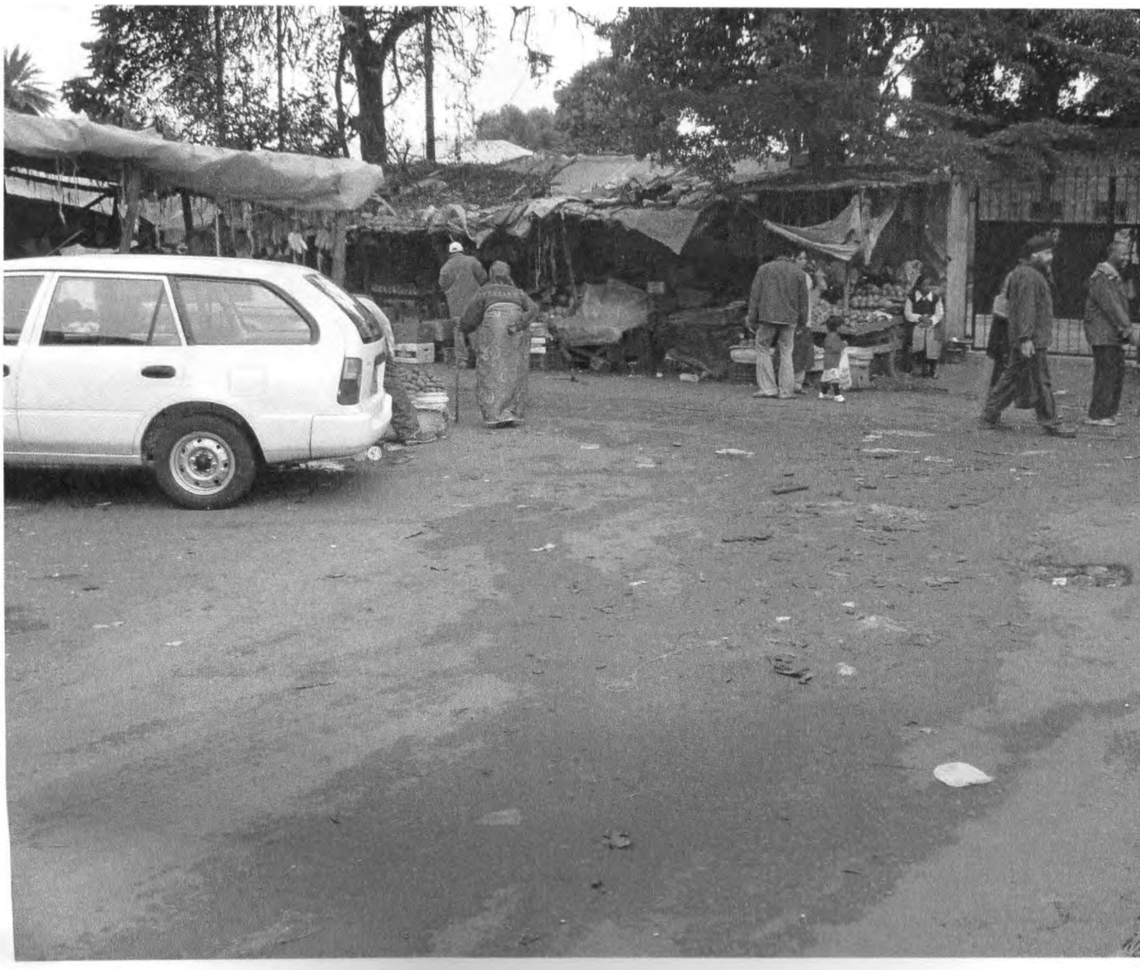
1=no extent; 2=mild extent; 3=fairly high extent; 4=high extent; 5=grea

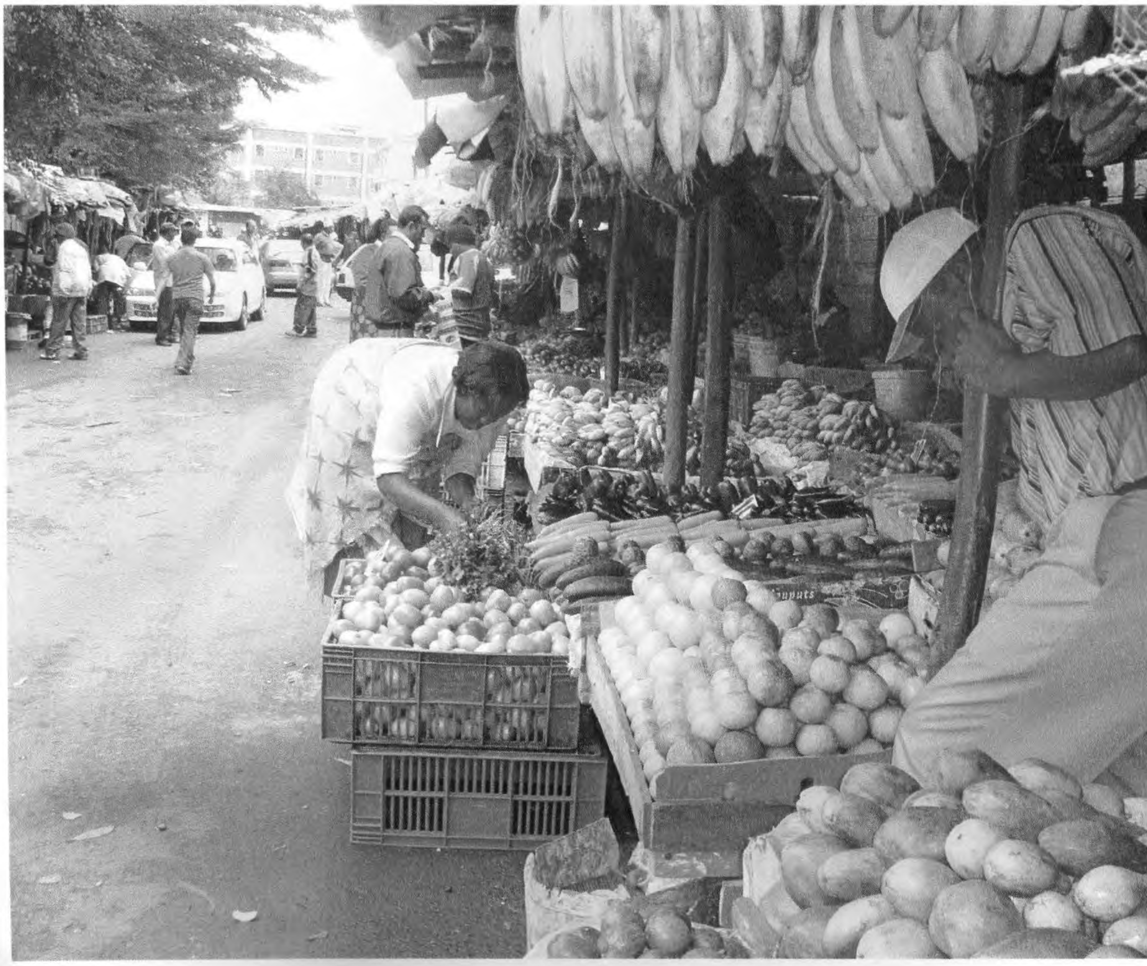
Extent

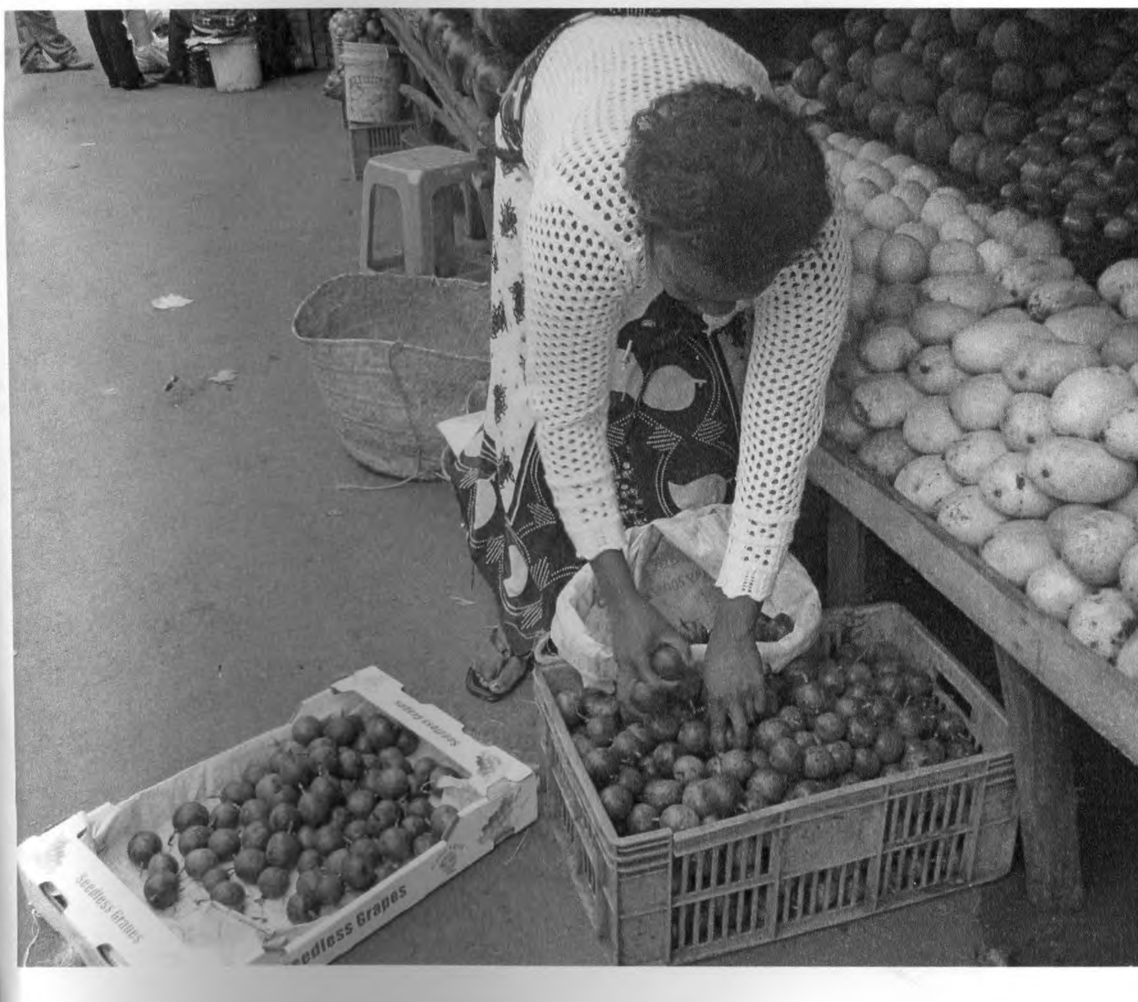
	Factors	1	2	3
a	Husband will not allow borrowing			
b	High levels of illiteracy (inability to read or write)			
c	Lack of tangible collateral (usually land)			
d	Patriarchal financial service legislation that require husbands to authorize bank loan application by their wives using tangible collateral			
e	Political conflicts disrupting micro-financing and business activities			
f	Poor health especially that caused by HIV/AIDS affection and infection			
g	Time constraints hampering participation in microfinance programs e.g. need to attend to household duties etc			

Thank you for responding to this questionnair

APPENDIX V: PHOTOGRAPHS OF THE NGARA HAWKERS MARKET, SHOWING SOME OF THE VENDORS






Seedless Grapes